P. W + L (1927) Department

Mis SERIES.

G.O. No. 297-W

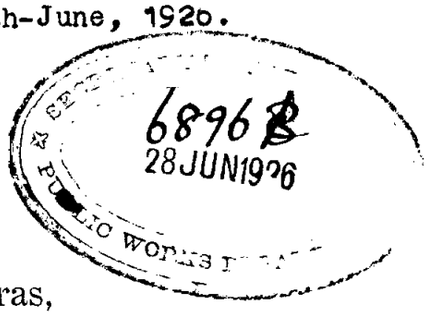
DATED 9 2 27

[Despatch Abstract.]

Electricity — Bellary El. License 421
Municipal Council permitted to
work the

BELLARY

27th-June, 1926.



Enclosures:-
1. Copy of High Court Judgment.
2. Memorandum of Association of the proposed New company.
3. Copy of pettion sent to the Municipal Council, Bellary.

To

The Secretary to the Government of Madras,
Public Works Department,
Fort St. George, Madras.

The humble petition of Rao Bahadur G. Sitarama Chetty and others, residents of Bellary Town, most respectfully beg to state as follows :—

The Bellary Electric Supply Co., Ltd., was formed in 1921 for the purpose of generating electricity and supplying the same to the town of Bellary.

Owing to a provision in the Memorandum of the Company that one, Mr. S. M. Hussain, was to be the irremovable Managing Director with sole and uncontroiled powers of borrowing, etc., the said Mr. Hussain began to defraud the Company of large sums of money and in 1925, the Company owed nearly Rs. 60,000 to the creditors of the Firm and the Company was drifting from bad to worse.

Finding that there was no way of getting rid of Mr. Hussain who landed the Company in a very deplorable state, and would not quit his post, some Directors and creditors were advised that an application for winding up the Company was the only remedy to get rid of Mr. Hussain.

Accordingly applications for winding up the said Company were filed in the High Court. The learned Judge of the High Court in winding up the Company remarked that the winding up of the Company seemed to him to be the only remedy open to the Directors and creditors to get rid of Mr. Hussain who would not agree to any amicable settlement. The Judge also held that the Company was quite solvent but that as certain creditors were not paid in time, the order of winding up should follow.

After the decision of the High Court the Government issued a notification revoking the license with effect from 21—7—1926 under Section 4 (1) of Indian Electricity Act on the ground that by reason of insolvency the Licensee was unable to carry on the business fully and efficiently and have invited the Local Authority, *viz.*, the Municipal Council of Bellary to take up the concern under Section 5 of the Indian Electricity Act. Under the said Act it is only the amount arrived at as per the rules laid down therein as the value of the plant, etc., that has to be paid by the Local Authority. The petitioners understand that the valuation which is fixed by an expert on behalf ofthe Local Authority is something between 1 and 1½ lakhs of rupees.

The subscribed capital of the Company is Rs. 2,40,000, and the debts payable by the Company is about Rs. 70,000. At the valuation now to be proposed, the shareholders will perhaps get something like 4 annas in the rupee.

The business is a prosperous one and is capable of being developed with fair chances of paying all the debts and shareholders' capital in full. But for the extraordinary and unlimited powers given to Mr. Hussain who began to abuse his powers, the present situation would not have been reached. If sold in auction the concern will fetch not less than Rs. 3½ to 4 lakhs.

The shareholders are nearly 1400 in number and there are a very large number of shareholders in ordinary and poor circumstances to whom the return of 4 annas in the rupee will be a veritable catastrophe.

To avoid all this the Directors and shareholders have been trying their level best and ultimately they have agreed to form a new Registered Limited Company to take over the assets and liabilities of the old Company. The new Company is proposed to be formed of all the shareholders of the old Company and a copy of the Memorandum which is herewith attached will show that the organizers are prepared to guarantee (i) the repayment of all the debts, (ii) interest on the share capital, and (iii) to work the concern successfully.

A difficulty is caused, however, by the provisions of Section 85 of the Electricity Act under which apparently when the old license is revoked the Local Authority has got the first option of buying the concern at a certain valuation.

Seeing that this course will bring about ruin to a large number of shareholders, most of the Directors and creditors of the old Firm resolved, as stated above, to form a new Company and in order to get over the difficulty of the Local Authority, they approached the Chairman, Municipal Council, Bellary, with a request that in view of the possible low valuation and other circumstances, the Local Authority should waive their first option in favour of the new Company. On behalf of the new Company it was also represented to the Chairman, Municipal Council, that the new Company was prepared in the interests of the Municipality and public at large (i) to allow the Municipal Council to elect two of the Directors of the new Company, (ii) to submit to any reasonable concessions in favour of the Municipal Council, (iii) to submit to any terms and conditions that in default of the carrying out of the terms the Municipal Council might even take over the concern. The organizers offered to incorporate new conditions in the license to be applied for on their behalf.

But the Chairman turned a deaf ear to the representations and said that he would not allow the Council to consider the question.

The petitioners have, however, sent up a petition to the Municipal Council.

The petitioners beg to submit that the attitude of the Municipal Council is an unreasonable one and the Local Authority is trying to take advantage of a situation brought about by the winding up petition which was filed to improve the old Company and to bring relief to the shareholders. That was, as His Lordship Srinivasa Iyengar, J., has held, the only course left open to the shareholders and Directors to get rid of Mr. Hussain. As soon as that was done the shareholders and Directors were attempting to reconstruct the Company among the same shareholders so that they may not suffer; but in the meantime the provisions of the Electricity Act which, however, no one knew, has sprung upon them the present situation.

The petitioners approach the Government with a request that the revocation notice issued by them may be recalled, in which case, practically all the shareholders and Directors and creditors of the old Company, will approach the High Court that the business of the old Company and the license may be assigned to the new Company.

The petitioners bring to the notice of the Government that the license granted to the old Company contains a clause, that the license may be assigned with the previous permission of the Government. Thus if the Government are pleased to grant this permission and to cancel the revocation a satisfactory result might be achieved. In conclusion, the petitioners beg leave to point out that the old Company was not really insolvent, that it was never, by any such reason, unable to fully and efficiently carry on the business, that the basis of the Government Order is that there was such inability on the part of the old Company, that as pointed out by the High Court, the said assumption is entirely unfounded and that, therefore, the revocation order of the Government based on such an erroneous assumption should be reviewed and the order of revocation cancelled.

As the original license permits of assignment with the sanction of the Local Government, there would have been no difficulty but for the revocation order passed by the Government. The present petitioners were only waiting for receipt of necessary papers to form a new Company and then wanted to seek the Local Government's permission for the License to be assigned and to request the High Court to direct the liquidator, who now represents the old Company to then assign the License in the name of the new Company. As all the shareholders and all the creditors are willing to such a course the High Court will certainly pass the order and it remains only for the Government to permit the same under Clause (12) of the License and as a preliminary to it, cancel the revocation order as based on a wrong assumption of fact.

The petitioners may also be permitted to beg leave to doubt if the procedure of the Government in taking action under Section 4(1)

of the Electricity Act, without giving notice to the petitioners of their intention to exercise the power, which is exercisable only when the circumstances stated in the Act exist, is not *ultra vires* altogether.

After all, the Local Government is only an authority constituted under the Act, to exercise judicial discretion and act judicially under the Act, especially as the Revocation Order involves a drastic interference with the rights of parties and curtailment of their rights of property.

The petitioners, therefore, submit that, if necessary, an inquiry might be made into the circumstances of the matter, and necessary orders may be passed thereafter.

For this act of kindness the petitioners shall ever pray.

IN THE HIGH COURT OF JUDICATURE AT MADRAS.

ORDINARY ORIGINAL CIVIL JURISDICTION.

Wednesday, the 10th day of March 1926.

THE HONOURABLE MR. JUSTICE SREENIVASA IYENGAR.

O. P. No. 1 of 1926.

IN THE MATTER OF THE BELLARY ELECTRIC SUPPLY CO., LTD.

Judgment :—O. P. Nos. 1 and 19 of 1926.

I have given this matter my very careful consideration. I postponed in this case an order for the petition being advertised as long as I had hoped that there might be ways and means of getting over the difficulties and obstacles and seeing something done by which sufficient money might be raised to pay off the pressing creditors and placing the affairs of the Company on a satisfactory basis. But I do not think it is possible that in the present state of affairs anything at all can be done and I am not satisfied that there is any longer sufficient reason in law for my refusing the order that is applied for. There has been default in the payment of the amount claimed by the creditor and the terms of the Section are satisfied. I gave more than one opportunity to the professional official liquidator to raise an amount sufficient to pay off this and other liabilities which were expected to be pressing. But even though more than one adjournment were obtained nothing has been done and the report of the official liquidator to me personally on the last occasion was that he was unable to do anything further. Mr. Thanikachalam Chettiar on behalf of the Managing Director has strenuously opposed the making of an order of liquidation in this case. Though it is not necessary for me to state anything with regard to the causes that have led to the present condition of the Company, I cannot help suspecting that the whole of the present situation has been got about by the difference between the large body of the Directors on the one side and the Managing Director on the other. The result has been a sort of an impasse and the Company has been really able to do nothing at all for several months past. It may be that the application for winding up has been brought about at the instance of some Directors merely for the purpose of arriving at a solution of the present state of affairs. But I cannot at the same time overlook the circumstance that does appear to me to be the only solution now open. If the Managing Director had agreed to forego what he considered to be his own rights or interests in the matter and if the Directors had also seen their way to work harmoniously, I am sure that the present state of things could have been certainly avoided. It is not a case of an insolvent company. I am satisfied that there are assets, but still under the Section of the Companies' Act the condition has arisen under which the Court could be asked at the instance of a creditor to make an order of winding up. Excepting a few shareholders who now appear through Mr. S. Doraisami Iyer, all the others that have appeared before me on this notice support the application for winding up. Mr. Thanikachalam Chettiar has asked me now not to make immediately an order for winding up but under the provision of Section 239 to order a meeting of the Directors and contributories to be held under the chairmanship of any person I may nominate for the purpose of ascertaining their wishes or at least for a meeting of the Directors only being called to see whether some arrangement could not be made by which the present crisis may be tided over. He has also asked me under the provisions of Section 174 to consult before making an order the wishes of the Directors and contributories in such other manner as I might think fit. If I felt persuaded that there would have been the slightest use in consulting the wishes of the creditors or contributories or in calling a meeting either of the Directors or of the creditors and contributories as suggested by Mr. Thanikachalam Chettiar, I should certainly have done so. But having regard to my own opinion which I have arrived at with regard to the present state of the Company during the last several occasions on which this petition has come on for hearing before me, I feel satisfied that not the slightest useful purpose could possibly be served by putting off the order for winding up and delaying the matter further by calling such meetings or ascertaining the opinions of persons referred to. I therefore direct that the Company be wound up by order of Court.

All parties including the Managing Director are now agreed that Mr. T. Raghavacharlu, High Court Vakil, practising at Bellary, may be appointed as official liquidator. He is appointed accordingly. He will as security give his own bond in the sum of Rs. 25,000. His remuneration will be as laid down in the rules. The provisional official liquidator will pass his accounts before the officer of this Court and I fix his remuneration at Rs. 500 which will be paid by the liquidator appointed by me as soon as the provisional official liquidator Mr. Siva Rao passes his accounts and gets his discharge. In passing the accounts allowance will be made to him for applications made by him to the Court and a reasonable fee for the appearance of legal practitioners on his behalf.

The petitioners and the Directors represented by Mr. Mockett and Mr. V. C. Gopalratnam will have their taxed costs for appearing on these applications paid out of the assets of the Company by the liquidator. I certify for counsel for the petitioners and for the Directors that have appeared by Mr. Mockett. In taxing the costs I direct that the costs reserved by me on the interlocutory application made in O. P. No. 1 of 1926 on the 19th of February be allowed to all the parties aforesaid to whom I have ordered costs to be paid with a certificate for counsel therein.

10-3-1926. (Intd.) V. V. S.

The time limited under Rule 32 of the Rules of Court relating to companies for publication of a notice in the *Fort St. George Gazette* is hereby extended by a fortnight from this date.

22-3-1926. (Intd.) V. V. S.

Certified to be a true copy.

Dated this 10th day of April 1926. *Bench Clerk, O. S.*

MEMORANDUM OF ASSOCIATION

OF

The Bellary Electric Supply Company (1926), Limited.

I. The name of the Company is THE BELLARY ELECTRIC SUPPLY COMPANY (1926), LIMITED.

II. The Registered Office of the Company will be situate in the Presidency of MADRAS.

III. The objects for which the Company is established are :

(1) To negotiate with the authorities concerned for the purchase of the stock-in-trade of the Bellary Electric Supply Company, Limited, now in liquidation, and purchase the same.

(2) To generate, distribute and supply Electrical Energy for lighting, and power purposes within the Municipal Limits of the BELLARY Town including Extensions.

(3) To own electrical and other machineries and necessary buildings and to instal, erect, maintain and keep and work such plant, machinery and appliances and other apparatus required for supplying electrical current for such Lighting and other purposes.

(4) To stock electrical accessories and machineries and meters for sale, erection and loan and hire purposes.

(5) To encourage by all possible means to use electrical energy such as heating, lighting, fanning, cleaning, etc., purposes, for trade and agricultural purposes, for running motors for different purposes and also for tramways and other purposes, for Municipal and Union purposes such as street lighting, etc.

(6) To erect, construct, maintain or alter any buildings, erections or works required by the Company.

(7) To purchase or otherwise acquire any interest in any patents, licenses, concessions and the like conferring an exclusive or non-exclusive or limited right to use any secret or other information as to any invention which may seem to the Company capable of being profitably dealt with and to use, exercise, develop any such patents, licenses and concessions and the like or otherwise turn to account the property rights or informations so acquired.

(8) To sell or dispose, offer, transfer the whole or any part of the undertaking of the Company for such consideration as the Company may think fit and in particular for shares, debentures and securities of any other company having objects altogether or in part similar to those of this Company.

(9) To enter into any arrangement with any Government or authority supreme, Municipal, local or otherwise or with any Rajahs, Zamindars, Landholders or other persons that may seem conducive to the Company's objects or any of them and to obtain from any such Government or authority, Rajahs, Zamindars, Landholders or other persons all rights, concessions and privileges which the Company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.

(10) To invest and deal with moneys of the Company or any part thereof, not immediately required upon such securities and in such manner as may from time to time be determined by the Company.

(11) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange or other negotiable or transferable instruments.

(12) To enter into an agreement with the hereinmentioned gentlemen, *viz.*, (1) whereby, in consideration of the various services rendered by these gentlemen in the formation of this Company, and with a view to ensure the proper conduct of the affairs of the Company, they will be Directors of the Company for a period of three years certain, with the option of continuing for a further period of seven years ; (2) to be entitled to receive a sitting fee of Rupees Twenty-five per meeting of the Company attended by them.

(13) To employ as Engineers and Contractors of the Company the firm of THE INDUSTRIAL SYNDICATE and the members who at present constitute the said firm and their successors in business notwithstanding any change which may take place in the said firm or the constitution thereof by the addition of any partner or partners and notwithstanding any change that may take place in the name or style of the said firm and for the purpose aforesaid to execute an agreement between the Company and the said firm of THE INDUSTRIAL SYNDICATE, a copy whereof is attached to the Articles of Association of the Company and to consent to any modification of the terms of the said agreement which agreement is to be entered into between the Company and the said firm of THE INDUSTRIAL SYNDICATE and it is hereby provided and declared that the appointment of the said firm of THE INDUSTRIAL SYNDICATE shall not at any time hereafter during the period of the said agreement be revoked or cancelled, except with the consent of the said firm of THE INDUSTRIAL SYNDICATE or except for gross misconduct and fraud.

(14) To employ and secure the services of M. R. Ry. Rao Bahadur G. Seetharama Chetty Garu as Chairman of the Company and of M. R. Ry. K. S. N. Katappa Rao Garu as Vice-Chairman of the Company for a period of three years certain with the option for them to continue for a further period of seven years, on a remuneration of Rs. 100 and Rs. 50 respectively per month, and for the purpose to enter into an agreement with them.

(15) To purchase, take on lease or in exchange, hire, or otherwise any moveable or immoveable property and any rights or privileges which the Company may think necessary or expedient for the purpose of its business and in particular any lands, buildings, works, easement, machinery, plant, stock-in-trade, rolling stock, live-stocks, wharves, warehouses, office, roads, ways, Tramways, Railways, branches or sidings, bridges, reservoirs, water-courses, manufactories, electric works, shops, boats, barges and launches, patents, inventions, privileges, monopolies, licenses, concessions, stores, and other things, and any other rights or powers conferring any exclusive or non-exclusive or limited right to use any secret or information as to invention available for use in connection with any of the objects of the Company.

(16) To purchase or otherwise acquire and undertake all or any part of the business, property, liabilities, and assets of any person or company engaged in any business which this Company is authorized to carry on or possessed of property suitable for the purpose of this Company.

(17) To promote any other company for carrying into effect any of the objects of this Company or for the purpose of acquiring all or any of the property and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company and to take or otherwise acquire and hold shares in any other company.

(18) To acquire lands, construct and maintain factories, establishments, works, buildings and erections for all or any of the purposes aforesaid and to acquire or make machinery, implements and articles required to be used for any such purposes, and to carry on as principal or agents any branch of business, manufacturing or otherwise for which the Company's lands, establishments, property and servants are suitable.

(19) To borrow or raise money in such manner as the Company shall see fit and in particular by the issue of or upon bonds, debentures, bills of exchange, promissory notes, or other obligations or securities of the Company or by mortgage or charge of all or any part of the property of the Company, both present and future, including the uncalled capital or in such other manner as the Company shall think fit.

(20) To lend or advance money to such persons on such terms as may seem expedient and in particular to customers and others having dealings with the Company and to guarantee the performances of contracts and obligations of all kinds by such persons.

(21) To sell the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular wholly or in part for shares (fully paid up or otherwise), debentures or securities of any other company or companies having objects altogether or in part similar to those of this Company.

(22) To dispose of and deal with any shares and securities of other companies which may be acquired by this Company in such manner as may be from time to time determined.

(23) To receive money or deposit with or without allowance or interest thereon.

(24) To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares of the Company's capital or any debenture or other securities of the Company or in or about the formation or promotion of the Company or the acquisition of property by the Company or the conduct of its business.

(25) To pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of this Company or which the Company shall consider to be preliminary including therein the cost of advertising, commission for underwriting, brokerage, printing and stationery, expenses attendant upon the formation of agencies and local boards and any company promoted or formed by this Company or any company in which this Company is or may contemplate being interested and to pay the cost and expenses of or incidental to the winding up of any company, the whole or part of the property whereof is acquired by this Company or in which this Company is or may be interested.

(26) To provide for the welfare of persons in the employment of the Company or formerly engaged in any business acquired by this Company and the wives, widows and family of such persons by grants of money, pensions or other payments and by providing or subscribing towards places of instruction and recreation and hospitals, dispensaries, medical and other attendance and other assistance as the Company shall think fit and to form, subscribe to or otherwise aid benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claims to support or aid by the Company by reason of the locality of its operations or otherwise.

(27) Upon any issue of shares, debentures or other securities of the Company to employ brokers, commission agents and underwriters and to provide for the remuneration of such persons for their services by payment in cash, or by the issue of shares, debentures or other securities, or by the granting of options to take the same, or in any other manner allowed by law.

(28) To distribute any of the property of the Company amongst the members in specie or kind.

(29) To do all or any of the above things as principals, agents, contractors, trustees, or otherwise and by or through trustees, agents or otherwise, and either alone or in conjunction with others.

(30) To do all such other things as are incidental or conducive to the attainment of the above objects or any of them.

The liability of the members is limited.

The Capital of the Company is Rupees FIVE LAKHS, with power to increase or decrease the capital, divided into 20,000 ordinary shares of Rs. 10 each, and 30,000 preference shares of Rs. 10 each, the preference shares being ten per cent cumulative preference shares with preference in participation of dividend and also in assets of the Company, and with power to divide the shares in the capital of the Company for the time being into several classes and to attach thereto, respectively any preferential, deferred, qualified or special rights, privileges and conditions. The minimum subscription on which the Directors may proceed to allotment has been fixed at 1,000 shares.

We, the several persons whose names, addresses and descriptions are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names.

Names, Addresses and Description of Subscribers.	Number of Shares taken by each member.
1. Rao Bahadur G. Seetharama Chetty Garu, 492, Goldsmiths Street, BELLARY	250
2. K. S. N. Katappa Rao Garu	250
3. G. Ramachandra Chetty Garu	250
4. K. Akkappa Rao Garu	370
5. Gadi Siddalingappa Garu	250
6. J. Sanna Rachappa Garu	330
7. G. Pakkirappa Garu	250
8. P. L. Netto, Esq.	250
9. K. Rungalla Esq:	250

Dated this 27th day of June 1926.

Witness to the above signatures:—

P. L. Narayana Iyer
27-6-26.

BELLARY.

27th June, 1926.

To

The Councillors,
Bellary Municipal Council,
Bellary.

The humble petition of Rao Bahadur G. Sitarama Chetty and others, residents of Bellary Town, most respectfully beg to state as follows :—

The Bellary Electric Supply Co., Ltd., was formed in 1921 for the purpose of generating electricity and supplying the same to the town of Bellary.

Owing to a provision in the Memorandum of the Company that one, Mr. S. M. Hussain, was to be the irremovable Managing Director with sole and uncontrolled powers of borrowing, etc., the said Mr. Hussain began to defraud the Company of large sums of money and in 1925, the Company owed nearly Rs. 60,000 to the creditors of the Firm and the Company was drifting from bad to worse.

Finding that there was no way of getting rid of Mr. Hussain who landed the Company in a very deplorable state, and would not quit his post, some Directors and creditors were advised that an application for winding up the Company was the only remedy to get rid of Mr. Hussain.

Accordingly applications for winding up the said Company were filed in the High Court. The learned Judge of the High Court in winding up the Company remarked that the winding up of the Company seemed to him to be the only remedy open to the Directors and creditors to get rid of Mr. Hussain who would not agree to any amicable settlement. The Judge also held that the Company was quite solvent but that as certain creditors were not paid in time, the order of winding up should follow.

After the decision of the High Court the Government issued a notification revoking the license with effect from 21—7—1926 under Section 4 (1) of Indian Electricity Act on the ground that by reason of insolvency the Licensee was unable to carry on the business fully and efficiently and have invited the Local Authority, *viz.*, the Municipal Council of Bellary to take up the concern under Section 5 of the Indian Electricity Act. Under the said Act it is only the amount arrived at as per the rules laid down therein as the value of the plant, etc., that has to be paid by the Local Authority. The petitioners understand that the valuation which is fixed by an expert on behalf ofthe Local Authority is something between 1 and 1½ lakhs of rupees.

The subscribed capital of the Company is Rs. 2,40,000, and the debts payable by the Company is about Rs. 70,000. At the valuation now to be proposed, the shareholders will perhaps get something like 4 annas in the rupee.

The business is a prosperous one and is capable of being developed with fair chances of paying all the debts and shareholders' capital in full. But for the extraordinary and unlimited powers given to Mr. Hussain who began to abuse his powers, the present situation would not have been reached. If sold in auction the concern will fetch not less than Rs. 3½ to 4 lakhs.

The shareholders are nearly 1400 in number and there are a very large number of shareholders in ordinary and poor circumstances to whom the return of 4 annas in the rupee will be a veritable catastrophe.

To avoid all this the Directors and shareholders have been trying their level best and ultimately they have agreed to form a new Registered Limited Company to take over the assets and liabilities of the old Company. The new Company is proposed to be formed of all the shareholders of the old Company and a copy of the Memorandum which is herewith attached will show that the organizers are prepared to guarantee (i) the repayment of all the debts, (ii) interest on the share capital, and (iii) to work the concern successfully.

A difficulty is caused, however, by the provisions of Section 85 of the Electricity Act under which apparently when the old license is revoked the Local Authority has got the first option of buying the concern at a certain valuation.

Seeing that this course will bring about ruin to a large number of shareholders, most of the Directors and creditors of the old Firm resolved, as stated above, to form a new Company and in order to get over the difficulty of the Electricity Act they now approach the Municipal Council with this petition with a request that they will be pleased to reconsider the question and to waive their first option in favour of the new Company proposed to be formed, if need be, the petitioners are prepared to get the new Company registered forthwith.

The new Company is further prepared in the interests of the Municipal Council and of the public at large to allow the Municipal Council to be represented in the Directorate by two seats out of eleven, to submit to any reasonable terms by way of rebate in the cost of the electric energy supplied to the Municipal Council and to execute such of the works as they may themselves do during the next few years, and to submit further to a condition that if they are not carried out the Municipal Council may take over the concern.

The petitioners offer to get these terms inserted in the license to be applied for on their behalf.

The petitioners further beg leave to point out that this course will bring relief to the numerous shareholders who will otherwise be ruined.

It may also be pointed out that as pointed out by the High Court the Company was never insolvent but was fully solvent, that however Mr. Hussain's conduct and the Articles of Association left no remedy other than a petition for winding up. Those petitions were filed with a view to get rid of Mr. Hussain and to reconstruct the Company with the same shareholders so as to better their and its prospects. Though the winding up order was passed, the license granted to the old Company could, with the permission of the Local Government, be assigned and as all the shareholders and creditors of the old Company wish it, the High Court will certainly direct the liquidator who now represents the old Company to assign the license and the business to the new Company to be formed. This would be a satisfactory solution of the present situation. The petitioners request that the Municipal Council may be pleased to reconsider the situation and to be magnanimous enough to allow the license to be issued in the name of the new Company and to waive their first option in favour of the new Company.

No. 1578

14

Office of the Electrical Inspector
to the Government of Madras,
Triplicane, M a d r a s.

25 J u n e 1926.

29 JUN 1926
6921 B

From

E.J.B.Greenwood Esq., M.Sc., M.I.E.E., M.I.E.,

Electrical Inspector to Government, M a d r a s.

To

The C h a i r m a n,

Municipal Council, Bellary,

Dear Sir,

Further to correspondence ending with my 1386 dated 2-6-26 I confirm the following telegram sent you this afternoon:-

"VALUE	ONE	LAKH	THIRTY	TWO
" THOUSAND	RUPEES.	EXTRA	HALF	LAKH
" ALSO	REQUIRED.	ELECTRICAL	INSPECTOR".	

The inventory lists are being typed and will follow in 3 or 4 days.

The additional half lakh of rupees is required for the following works:-

(1) additional unit of plant for day running .. . Rs 20,000

(2) essential improvements .. .. " 5,000

(3) conversion of remaining oil lamps to electric throughout streets .. .. .. " 25,000

After approval by your Council it is necessary I think for you to obtain Government's written consent to your requiring the Supply Company to sell at the figure of Rs.1·32 lakhs.

1604
28.6.26

E.J.B.Greenwood

Electrical Inspector to Gov

Copy forwarded to the Secretary to Government, Public Works Department, Madras, for information in continuation of my letter No. 1369 dated 1st June 1926.

E.J.B.Greenwood
28.6.26

Electrical Inspector
to Government.

POSTS & TELEGRAPHS.

NOTICE

This form must accompany any inquiry made respecting this Telegram.

Charge to pay Rs.

Handed in at (Office of Origin.)	Date.	Hour.	Minute.	Service Instructions.	Words.
Calcutta	2	15	35		20

Recd. here at 15 45

David Sassoon Bombay

Cincamma

wife Balan Mrs

Purchase electric Concern

writing representation Tech

Civil Kindly post pone

visit. Srinivas

N.B.—The name of the Sender, if telegraphed, is written after the text.

Bux Bros.—Printers—Cal.—1274—26-11-24—1,50,000—Bks.

PRIVATE SECRETARY'S OFFICE, MADRAS.

Memo. No. 3-200/26.

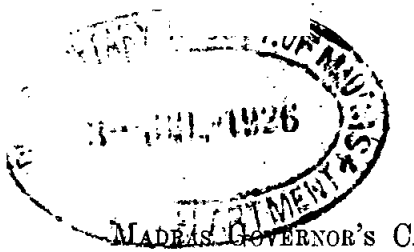
7220 B
1926

Transferred to the Secretary to Government, Law (General)

Department, for favour of disposal. His Excellency would like to see the Case.

ENCLOSURES :

(By order of His Excellency the Governor.)



Private Secretary.

MADRAS GOVERNOR'S CAMP,

The 30. 6. 1926.

Law (Genl)

P.W.D. no.

3-7-26

Bellary,

Dated June 1926.

To

His Excellency the Governor in Council,

Fort St. George, M a d r a s.

The humble Memorial of the Share-holders and Directors of the Bellary Electric Supply Company, whose signatures are hereunto affixed, most respectfully showeth:

1. That the Limited Company of the Bellary Electric Supply Company has been ordered to be wound up by the order of the High Court dated 10th March 1926, and the administration of the Company placed in-charge of an Official Liquidator.

2. That in pursuance of the above order of the High Court, the Government has by its Notification dated 21-4-1926, has given notice that the license granted to the Bellary Electric Supply Company, be revoked with effect from 21st July 1926.

3. That the Memorialists beg permission to lay before the Government the circumstances under which or the real causes that led to the above orders by the High Court and Government.

4. The liquidation was brought about not on account of any financial difficulties, but through the misunderstandings between some of the Directors and the Managing Director. This fact is evident from the order of the High Court and the relevant passages of the order are extracted below for the information of His Excellency. His Lordship, the High Court Judge, who passed the order observes in the course of his order:

"I cannot help suspecting that the whole of the "present situation has been got about by the "difference between the large body of the -

"Directors

"Directors on one side, and the Managing Director "on the other". "The result has been a sort of "an unpass and the Company has been really able "to do nothing at all for several months past. "It may be that the application for winding up "has been brought about at the instance of some "Directors merely for the purposes of arriving "at a solution of the present state of affairs. "..... It is not a case of an insolvent - "Company. I am satisfied that there are assets "but still under the Section of the Companies "Act, the condition has arisen under which the "Court could be asked at the instance of a Credi- "tor to make an order of winding up".

5. The Memorialists would beseech His Excellency's attention to the remarks of the High Court and to the fact that the order of winding up was passed on the application of a few creditors, one or two of them are Directors, who were not pulling on with the Managing Director harmoniously. The action of the creditors may be justified by the conduct of the Managing Director who was unfortunately vested with inordinate powers under the Articles of Association. The Memorialists regret that the Managing Director was not discreet in wielding the enormous powers he was invested with and in challenging the powers of the Board of Directors. But it must be emphatically asserted that the General Body of the Share-holders was entirely ignorant of the position or the relation of the Managing - Director with the other Directors. No General Meeting of the Share-holders was called for to discuss the situation nor even to consult the General Body for the ways and means of discharging the debts of the Company. A few

of

of the signatories hold a large number of shares and several of them, besides the creditor Directors, have ample means of financing the concern. The creditor Directors did not consult the General Body of the Share-holders, their principal aim being to get rid of the Managing - Director, which could be done only by an order of winding up and the Company reformed with new Articles of - Association, removing the Office of Managing Director.

6. That in the above circumstances, the Share-holders could not be guilty of not making proper arrangements to settle the demands of the creditors who lent monies to the Managing Director, who was given enormous autocratic powers by way of entering into contracts and - raising loans and whose acts were not sanctioned by the General Body of Share-holders. The application for - liquidation was not even brought to the notice of the Share-holders in spite of Articles 147 to 149 of the - Articles of Association, which makes the Company responsible for certain acts. The Managing Director or the creditor Directors have ignored these provisions of the Articles of Association, and did not care to bring the matter to the notice of Share-holders by convening a meeting to concert measures for satisfying the creditors or at least to obtain the consent of the General Body for winding up of the Company.

7. That the Share-holders were entirely ignorant of all proceedings until most of them saw the Notification in the Fort St. George Gazette dated 21-4-1926, which took them by surprise and they began to concert measures for remedying the evil. The Memorialists humbly beg to bring to the notice of His Excellency that the

Notification

Notification contains an inaccurate, if not, a misinformed statement when it says:

"As the Bellary Electric Supply Company, Limited, "the license under the Bellary Electric License "1921 are unable by reason of their insolvency to "discharge the duties and obligations imposed upon "them by this license, &c., &c.,". The reason of insolvency assigned in the Notification is quite opposed to the finding of the High Court which says distinctly:

"It is not a case of an insolvent Company. I am "satisfied that there are assets &c., &c.,".

Your Excellency would kindly peruse the High Court's order and be convinced that the reason quoted in the Notification is opposed to the opinion expressed by the Judge, who had made closer study of the details of the Company by actual evidence and sworn affidavits filed by the Managing - Director, and other creditors. The Memorialists are - afraid to express that Government has taken the initiative to cancel the license without giving a chance to the - Share-holders to resuscitate the Company by fresh means of management, and has taken the unreal cause of insolvency as a ground for revoking the license, because it is the only ground which the Government can have recourse to for the revoking of the License. Section 4 (1) of Clauses (a) to (d) of Act IX of 1920 prescribes the conditions under which the Government could revoke a license and none of the conditions (a) to (c) have happened. Condition (d) to which the Government had now recourse to is not correct on the face of the opinion of the - High Court, and the Memorialists would humbly beg Your Excellency to rescind the Notification and allow the -

Company

Company a chance of satisfactorily working the Company.

8. With this expectation, the Share-holders are making arrangements to move in the High Court as soon as it re-opens after Mid-summer vacation, for the withdrawal of the order of Liquidation by arranging funds to meet all the creditors and applying for permission to work the Company by filing a new Scheme in the shape of - revised Articles of Association. The Memorialists - humbly beg that pending such application and orders by the High Court, the Government will defer its order of final revokation of the License to such date after the 21st July 1926, as the orders of the High Court are - passed.

9. The liquidation by the Court for no fault of the Share-holders would ruin them if the rateable Dividends that may be declared fall low. Numerous persons will sustain heavy losses and the catastrophe will be unbearable in the end.

10. The alternative allowed by the Law of selling the concern to the Local Authority under Section 51 (b) of the Electricity Act would not retrieve the position of the share-holders. With the expert valuation of the plants and machinery, the estimate would fall very short of the capital subscribed and the Dividends would be - very low. The enthusiasm of the share-holders when - they subscribed for the concern was in the full expectation that they would get a fair dividend over and above their share capital in the long run when the Company - extends its operations. Unfortunately, the interval that has elapsed from the date on which the Company began its work to date when dissensions arose among

the

the Directors on one side and the Managing Director on the other side, is so short that the expectation could not be fulfilled. Your Memorialists humbly pray that a chance be given to the share-holders to continue to work with a new set of Rules and with a new set of - Managing members and office bearers. A copy of the - application to the Court and the revised set of Rules will be submitted to Your Excellency as soon as filed.

11. Your Memorialists are mostly rate-payers in the local Municipality and they are advised that the selling of the concern to the Municipality will not be to the advantage of the poor rate-payers who cannot share the advantages of the installation of Electricity in their houses, though there will be a compulsory taxation by the Municipality under the Municipal Act for lighting. There are numerous disadvantages which your Memorialists reserve their enumeration for the future.

12. In conclusion, your Memorialists pray:

(1) That the Notification dated 21-4-1926 which was issued on an erroneous information that the Company was insolvent be cancelled;

(2) That further action under Section 5 (b) of the Electricity Act of selling the concern to the local Municipality be deferred until the High - Court passes orders on the motion intended by - your Memorialists for the withdrawal of the order of winding up;

(3) That your Memorialists is prepared to give such security as may be required by Government or High Court in the matter of not revoking the

license

license by Government and in the matter of withdrawing the orders of winding up by the High Court;

(4) That sympathetic and favourable consideration may be given to the matters alleged and favourable orders passed.

12. The following annexures are submitted for perusal:-

(a) Copy of order of the High Court dated 10-3-26;

(b) Copy of Notification dated 21-4-1926;

(c) Copy of affidavit dated by Director, Mr. Ramachandra Chetty, filed in the High Court.

Your Memorialists beg to remain,
Your Excellency's most obedient servants,

G. Luthar
G. Ramachandraiah
K. S. N. Katappa Rao
[illegible]
[illegible]
[illegible]
gayanthi Venkiah
K. Veera Bhadrappa
Sivapuram Venkataramanaiah
[illegible]
K. Ramaswami
[illegible]

M. Lakshmayya.

B. Raghavendra Rao for
(1) B. Venkamma (wife)
(2) Ramalamma (daughter)
(3) Lakshumakka (Do).

G. Nagaraj chetty for G. Venkatachelam Chetty

O.M. No 66593/26-1
12th July 1926.

The accompanying petition addressed to His Excellency the Governor by the shareholders & directors of the Bellary Electric Supply Coy. Ltd, protesting against the orders issued in G.O. No. 434 dt 21.4.26 revoking the license granted to them for the supply of electric energy to the town of Bellary, is referred to the Collector of Bellary for. very early remarks — especially on the statements allegedly made that the whole trouble arose out of the attitude of the Managing Director & that the contemplated sale will ruin several poor shareholders.

9.7.26

10/7

P.F. 32.

In reply, please quote number, date and short title.*

DEPARTMENT.

SECRETARIAT 22 JUL 1926 PUBLIC WORKS DEPARTMENT

1953 B

Received ..... *Registered* .....

From (Name) Khan Bahadur M. Bazl-ul-lah Sahib Bahadur, C.I.E., O.B.E.,
(Designation) Collector of Bellary.
Post Box ....., (Station) Bellary.
Telegraphic Address Collector.

To The Secretary to Government,
P. W. & Labour Dept., Madras.

No ....., *dated* 16th July, 192 6.

Sir,

Enclosures.....

.....

.....

Spare Copies.....

Your memorandum No. 6659-B-26-1 dated 12th July 1926.

The statement in the petition that the trouble arose out of differences between the Managing Director and some of the other Directors is true. But beyond the fact that some of the Directors have filed a criminal complaint before the Sub Divisional Magistrate Bellary against the Managing Director, I am not in a position to say who was at fault, — the Managing Director or the other Directors.

The fact that within such a short time of its starting, there arose a necessity for applications to wind up the concern, however, indicates that the company was -- not constituted on proper lines and was bound to fail soon -er or later. A new company with the same Directors and under a different name is not likely to fare much better. The Managing Director might have acted arbitrarily and in disregard of the wishes of the Board of Directors, but I understand he had considerable organizing ability and but for his initiative and enterprise, the concern would not have come into existence.

As regards the statement in para 11 that the transfer of the concern to the Municipality will not be to the advantage of the poor rate-payers, the Chairman - held a public meeting of the consumers and at this meeting the sense of the large gathering present was in favour

of the suggested transfer. A copy of the resolution passed at this meeting is enclosed. p29 ante

The fact that there were applications for winding up the concern and that the High Court granted the application and appointed an official liquidator shows that the company was not in a position to discharge its liabilities. The petition contains tacit admissions of the company's inability at the time of the application to meet the claims of its creditors.

The statement in the petition that the contemplated sale would ruin several poor shareholders is an exaggeration. As far as my information goes, none of the shareholders can be said to be really poor, most of them being income-tax assesses and merchants who financed the concern with an eye to profit. Persons who choose to speculate must be prepared for a certain amount of risk.

The enclosures are returned.

—

COLLECTOR.

Proceedings of the Meeting of the Consumers held on the 19th April.

---

(1) Moved by Mr. Siva Rao:-

The consumers oi the electricity in meeting assembled are strongly of opinion that it is highly desirable that the Municipality do buy the concern now under liquidation provided the rate per unit does not exceed 0-5-0 per unit.

(2). They cannot afford to pay more than the present rate 0-5-0 per unit. They are emphatically of opinion that with the levy of the present rate 0-5-0 the concern if properly developed would certainly be made profitable to the Municipality.

1st resolution. Moved by Mr. P. Siva Rao.
Seconded by Mr. G. Thimmappa.
Carried by 31 to 8.

2nd resolution. Moved by Mr. P. Siva Rao.
Seconded by Mr. T. Sankaralingam Pillai.
Carried Unanimously.

True Copy.

Collector.

SINGER — LEADING LIGHT CAR

Forwarded D.

POSTS TELEGRAPHS 28/7 ... 33

NOTICE.

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Rs. 8 2 7 / B
28 JUL 1926

BOMBAY MUND 28 JUL 26 G.T.P.

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Bezwada	26	13	50		24

Recd. here at 14 6 M

To

Sensible Law
Secretariat.
In connection with the
Police licence for Gurao
Congress Council on Sakil
pray fix date for hearing and

DRINK LIPTON'S TEA.

GOLD FLAKE CIGARETTES

Advertising Agents.
Indian States and Eastern Agency
70, Apollo Street, BOMBAY.
5, Temple Chambers, CALCUTTA.

[illegible] Press, Prighton, Cal.—0958—8-9-24—40,000 Bks. (S-S.)

SINGER

Intimate
Council

TON'S

8509B

To

The Hon'ble the Law Member
in charge of Electricity,
Government of Madras,
Fort St. George, Madras.

The humble petition of the Bellary Electric Corporation Company (1926) Limited respectfully begs to state as follows :--

The petitioner company has filed a petition on 17th August 1926, requesting that the revocation order passed in April 1926, revoking the license granted to the Bellary Electric Supply Co. Ltd., - should be reviewed and cancelled as it was based on an erroneous assumption of fact that there was insolvency.

As a matter of fact, there was no insolvency at all, and the order itself was passed behind the back of the old company and without even giving notice to them and without any enquiry whatever. It is thus open to question whether it is not ultra vires and illegal. It is this aspect of the matter that has been submitted already.

In the order dated 20-7-1926, the Government has promised to consider the petition already submitted by this petitioner company on the above matter.

As matters stand at present, the Courts are not likely to pass orders before the expiry of the extended time, viz., 20-8-26, and as the matter is

very urgent, the petitioner prays

(i) that the revocation order passed in April be cancelled; and

(ii) that permission be accorded to the Official Liquidator to assign the license in favour of the petitioner company.

For this act of kindness, the petitioner shall every pray.

for THE BELLARY ELECTRIC CORPORATION CO., LTD.,

Madras
30th July 1926

J R Venkatesa Aiyar

Engineer and Manager,

The Bellary Electric Corporation Company Limited,

PETITIONER.

N. Chandrasekharaiya

Vakil for Petitioner,
The Bellary Electric Corporation Co Ltd Bellary.

Presented by

Mr. N. Chandrasekharan
Aiyar
High Court Vakil
Madras

Inside with pwtted copy 2/7/26

Mylapore, 31st July 1926.

8510 B
31 JUL 1926

To

The Hon: Sir C.P. Ramaswami Aiyar, K.C.I.E.,
Law Member, Government of Madras,
Fort St. George.

Dear Sir,

May I request you to be so good as to direct the office to communicate to me any order that you might have been pleased to pass on the petition presented by me to you yesterday i.e. 30th July on behalf of the new - Bellary Electric Supply Company, 1926 (Limited)?

I have the honour to be,
S i r,
Your most obedient servant,

N. Chandrasekharan

Vakil for the petitioner.

34 PN & Labour

Letter No 6659 B/26 -3
To 2/8/26

Messrs N. Chandrasekharan Ayyar
High Court Vakil
Mylapore, Madras

FOREIGN & POLITICAL DEPT
4 AUG 1926

Sir,

I am directed to state that no orders can be passed on the petition presented by you ~~on the 30th July~~ to the Hon'ble the Law Member on behalf of the Bellary Electric Corporation Co. Ltd until the Bellary, High Court has passed orders in the matter.

2/8/26

2.8.26

2.8.26

Telegram No 66598/26-4
7.8.26

To

[the] Colonial Secretary
[to the] Bellary Electric Supply Company [Ltd]

DESPATCHED
7 AUG 1926 2nd Sept 1926
2-15 P.M.

Bellary

Refce: GO 845 W [of] 20th July.
Please send immediately
[a] copy of [this] orders passed
by [this] Dist Court on [the]
6th instant

am
7/8/26

Copy by post

KW
7.8

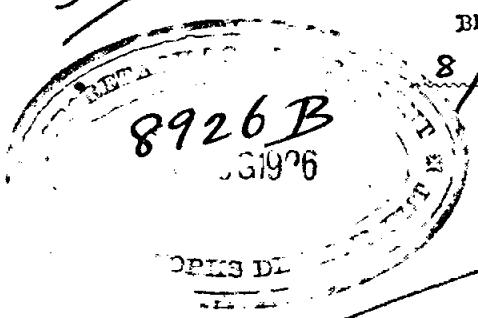
Alle
7.8.26

PS
7.8.26
2nd Secy

30

BELLARY,

8/8/1926



M

Re: G.O. No: 845 - W. of 20th July

Sir,

I beg to state that the matter of assigning license to the new Coy: called the Bellary Electric Corporation Coy 1926 Ltd. was adjourned by the District Court, on account of Sessions, from the 6th instant to 13th inst.

I take it, that the reply-telegram sent by the Official Liquidator yesterday, has reached you.

I beg to remain
Sir,
Your most obedient
Servant
T. Narasimha Chari
Hon: Asst: to Official
Liquidator
Bellary Electric Supply Coy
in Liquidation

Express

To
[No.] Official Liquidator.
[Name] Belling Electric Supply Co. [L
Belling

16 AUG 1928 Official Liquidator

(M)

G.O. [No.] 845 W [dated] 20th July Belling Electric
Revocation
Licence. wire orders passed by
[The] Ct. Court on [The] thirtieth
[and] also send copy.

ann
16/8/28

MS
16/8

WS
16 8 28

Copy sent 16/8

W to
ord 15 8 26

38

TELEGRAMS
"BESCO"

PLEASE QUOTE THIS OFFICE LETTER No. IN ALL YOUR COMMUNICATIONS.

The Bellary Electric Supply Co., Ltd.,

(IN LIQUIDATION.)

9553 B

BELLARY. 16th August

To

The Hon.ble The Law Member.
Fort. St. George.
Madras.

Sir. I have the honour to submit as follows:

The District Court of Bellary heard arguments on 14-8-26 in the matter of assigning the licence of the Bellary Electric Supply Co. Ltd. in Liquidation, to the new Company called the Bellary Electric Corporation 1926 Ltd. The following order was passed.

"It is common that over half the share holders of the ~~new~~ old Company will be willing to join the new Company; and that many of the rest have not been reached and are likely to come in. But there has been no public expression of opinion by the old shareholders. I think it will be better if the Official Liquidator held a general meeting as provided for in

39

PLEASE QUOTE THIS OFFICE LETTER No. IN ALL YOUR COMMUNICATIONS.

The Bellary Electric Supply Co., Ltd.,

(IN LIQUIDATION.)

BELLARY.

Section 185 of the Companys Act and ascertain the views of the shareholders and creditors. For return of his report and further discussion to 23-9-26; The Official Liquidator to ask Government to suspend revocation of license to 31-10-26."

The license now stands extended to 21-8-26. In view of the Court's order I pray that the revocation of license may be suspended to 31-10-26.

I have the honour to be

Sir,

Your most obedient Servant,

T. Narasimhachari.

Hon. Asst to Official Liquidator

4776e-1 A.S. Law (Legal) Dept. 9583 B
20-8-26 It is understood that this communication is intended for P.W.D. Dept. may be sent to that Dept.

PLEASE QUOTE THIS OFFICE LETTER No. IN ALL YOUR COMMUNICATIONS. TELEGRAMS "BESCO"

The Bellary Electric Supply Co., Ltd.,

(IN LIQUIDATION.)

4774
1. 5405/25
18/8/26

BELLARY. 16th August 26.

Chief Secretary
Laws.

17/8/26. 17/8

The Secretary to the
Government of Madras,
Madras.

Sir,

I have the honour to submit as follows:-

The District Court of Bellary heard arguments on 14-8-26 in the matter of assigning the license of the Bellary Electric Supply Co., Ltd., in liquidation to the new company called the Bellary Electric Corporation (1926), Ltd., The following order was passed.

" It is said that over half the shareholders of the old company will be willing to join the new company; and that many of the rest have not been reached and are likely to come in. But there has been no public expression of opinion by the old shareholders. I think it will be better if the Official Liquidator held a general meeting as provided for in Section 185 of the --- Company's Act and ascertain the vies of the shareholders and creditors. For return of his report and further discussion to 23-9-26: the Official Liquidator to ask Government to suspend revocation of license to 31-10-26".

PLEASE QUOTE THIS OFFICE LETTER No. IN ALL YOUR COMMUNICATIONS.

The Bellary Electric Supply Co., Ltd.,

(IN LIQUIDATION.)

To. -2- BELLARY.

The license now stands extended to 21-8-26. In view of the Court's Order I pray that the revocation of license may be suspended to 31-10-26.

I have the honour to be,

S i r,

Your most obedient servant,

T. Narasimhachari

Hony. Asst. to Official Liquidator.

PLEASE QUOTE THIS OFFICE LETTER No. IN ALL YOUR COMMUNICATIONS.

The Bellary Electric Supply Co., Ltd.,

(IN LIQUIDATION.)

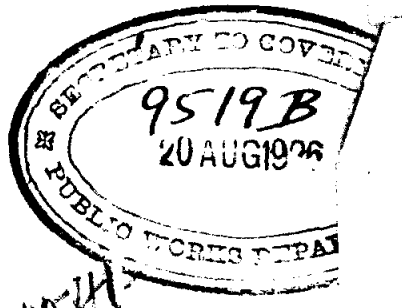
cf. No.

BELLARY.
18th August 1926.

The Secretary to the Government
of Madras,

Public Works Department,

M a d r a s.



Sir,

In continuation of the letter of 16-8-1926 I pray th orders would be passed before the 21st. I shall send a cer fied copy of the order passed by the District Court on the 1 inst., if required.

I have enclosed herein a copy of the letter addressed on 16-8-26 for reference.

I have the honour to be,

S i r,

Your most obedient servant

Encl: 1

Raghavach
Official Liquida

#43

PLEASE QUOTE THIS OFFICE LETTER No. IN ALL YOUR COMMUNICATIONS.

The Bellary Electric Supply Co., Ltd.,

(IN LIQUIDATION.)

Ref. No

BELLARY.

16th August 1926.

The Secretary to the

Government of Madras,

Madras.

Sir,

I have the honour to submit as follows:-

The District Court of Bellary heard arguments on 14-8-26 in the matter of assigning the license of the Bellary Electric Supply Co., Ltd., in liquidation to the new company called the Bellary Electric Corporation (1926), Ltd., The following order was passed.

" It is said that over half the shareholders of the old company will be willing to join the new company; and that many of the rest have not been reached and are likely to come in. But there has been no public expression of opinion by the old shareholders. I think it will be better if the Official Liquidator hold a general meeting as provided for in Section 185 of the Company's Act and ascertain the views of the shareholders and creditors. For return of his report and further discussion to 23-9-26: the Official Liquidator to ask Government to suspend revocation of license to 31-10-26".

The license now stands extended to 21-8-26. In view of the Court's Order I pray that the revocation of license may be suspended to 31-10-26.

I have the honour to be,

S i r,

Your most obedient servant,

(Sd) T. Narasimhachari,

Hony. Asst. to Official Liquidat

EAT Quaker Oats FOR HEALTH AND STRENGTH

C

POSTS TELEGRAPHS.

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Rs.	As.

Handed in at (Office of Origin.)	Date.	Hour.	Minute.	Service Instructions.
Bellary	30	10	Am.	Ord.

Recd. here at H. M.

To Madras

Works Madras

11 Struct Court ordered Apply

Extension of license to thirty fur.

section Ray orders license Expiring

fortnight Official Liquidator

N. B.—The name of the Sender, if telegraphed, is written after the text.

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Indian States and Eastern Agency. 5, Temple Chambers, CALCU

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P. W. D. No

NO

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Bellary	30	12	30	

Recd. here at 12 H. 58 M.

Madras Law Madras Fort St G
Official liquidator Bellary mines
District court ordered apply ext
sion of license to 31st October.
may orders license expiring

POSTS TELEGRAPHS No. 252

X. BELLARY.

MADRAS WORKS MADRAS.

GRADES ordus RECD EXTENDING LICENSE WHICH EXPIRED XXXXXXXXXX

STERNIGHT PRAY EXTEND LICENSE ELSE NO LIGHTING TODAY RESULTING

NSIDERABLE PUBLIC INCONVENIENCE.

OFFICIAL LIQUIDATOR.-

BL. 21 AEA. 10/25.

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Lal Chand & Sons—13033—10-2-25—5,000 Rolls.

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Rs.	As.

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To Madras Local Madras Rec'd. here at H. M.

Loan could not be
secured from nellore or
other boards issue of
Debentures is the only.

N. B.—**The name of the Sender,** if telegraphed, is written after the text.

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TELEPHONE No.-590.

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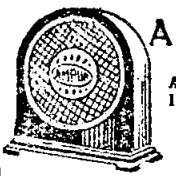

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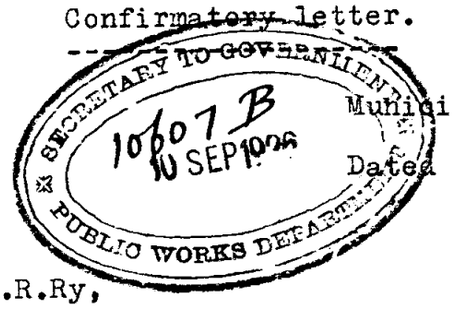


Municipal Office, Bellary,
Dated 8th September 1926.

From.

M.R.Ry,

N. Narayana Rao Garu, B.A., B.L.,

Chairman, Municipal Council,

Bellary.

TO

The Secretary to Government of Madras,

Local Self Government Department,

M a d a s.

Sir,

The following is the copy of the (4) telegram:-

No objection to extension till 31st December.

Pray issue final orders regarding issue of debentures.

A

Narayana Rao
Chairman, M. C.

8/9.

8 926

AS

The original gtm telegram & the main file relating to revocation gtm Bellary El. Mains a re at L.S.G dept who will no doubt furnish reports at A above. The return gtm file may be sent 15-9-26.

11-9

Alw
1019

A SHORT HISTORY OF THE ORIGIN AND DEVELOPMENT OF THE BELLARY ELECTRIC SUPPLY COMPANY, Ltd., (Now in Liquidation).

Who have been the cause of bringing the said Company to Liquidation ?

Under what circumstances and with what object ?

1. Certain merchants of Bellary first entertained a desire to start a company under the name and style of "Bellary Electric Company, Ltd." with the object of erecting an installation for lighting the town with electricity and obtained license from the Government of Madras. The Government granted them 3 years' time to work out their scheme. They being ignorant of the work they had contemplated to do and having no experience of how to proceed through the work of limited liability concerns, could not do anything within the specified time of 3 years and as the time had almost expired the license was about to be cancelled. At last with the object of succeeding in their attempt, they entrusted the work to me. This work required not only help by the originators but also capital and when I explained the helpless situation to them, they sincerely promised to render all possible help but what help they actually rendered to me can be clearly seen from the following statement of real facts and figures.

2. After a deep deliberation amongst themselves they came to the conclusion that they could not render any *pecuniary* help and threw the whole responsibility upon me and requested me to complete the whole scheme at my own cost and I accepted the responsibility and started the work in right earnest. I straight away went to Madras, consulted experienced lawyers, obtained

drafts of memorandum, articles of association and my agreement with the said company and sent the whole thing to the directors with a request to study them carefully, digest the contents thereof and if they agreed to sign the same and return. They agreed and sent them back to me.

3. After satisfying all the requirements of the Indian Companies Act, I got the "Bellary Electric Supply Company, Ltd.," duly registered.

4. Since I had a matured experience for over 20 years in this line of business and since I knew all the firms doing business in electrical goods, I undertook the work with a firm determination to complete it successfully. When I explained my scheme to my several friends and well-wishers, they readily promised to extend their help in every way possible.

No doubt I had secured promise of help from my friends but without capital nothing was possible to be done. To raise capital by the sale of shares I made preparations and depending upon the promises of directors who have been the cause of all these troubles now, I approached them with a request to use their influence among their friends and brother merchants, in Bellary and sell a number of shares, which I am sorry to tell you, they flatly refused. This sort of flat refusal came to me like a shock and greatly discouraged me. I had almost given up the idea of proceeding further towards the completion of scheme but as an experienced electrician and a business man I could not possibly bear the shame and disgrace in the public and solely depending upon Almighty God for help, girded up my loins again and proceeded with the work. Can any one of the directors who are making so much fuss now with the object of reaping the fruits of my labour, stand before all the share-holders in the meeting and say that they have rendered any sort of help in the sale of shares to raise necessary capital to complete the electric installation ?.

Some of my friends readily stood by me for help and I made them canvassing agents. To go about from place to place with an establishment of canvassing agents, clerks, servants, etc., money was wanted but, alas! no director came forward to contribute his quota in the impending expenditure. By hook or by crook I had to arrange for the required funds and start on my tour for the following places which I had to visit several times before sufficient capital was collected. The places are as follows:—Hyderabad, Secundrabad, Adoni, Shah Ahabad, Raichur, Gulbarga, Sholapur, Nandiyal, Podutur, Palivandra, Kadapa, Kurnool, Anantapur, Bezwada, Ellore, Guntur, Masulipatam, Hospet, Kamalapur, Gadag, Bijapur, Jammalmadugu, Muddanur, Madras, Gutti, Madura, Trichinopoly, Tinnevelly, Hubli, Miraj, Kolhapur, Poona, Bombay, etc., etc.

For the above mentioned tour, it took me nearly four months and it cost me about five thousand rupees. In addition to the above mentioned expenditure which fell solely upon my head I had to purchase company's shares to the value of Rs. 5,000 to qualify myself as director.

Further the Government called upon the directors of the company to deposit a sum of Rs. 5,000 as a security before starting the work. I appealed to every one of the directors of the company who are now playing the part of directors of the new company which they have now started with the sole object of becoming the owners of the company now under liquidation at my cost, but in vain. No director came forward to contribute his quota of the deposit amount required by the Government and there was no money in the company. Here again I was placed under a very bad predicament. It is *for the readers* of this short account to realise and do justice. I had to mortgage my own motor cars 3 in number to raise the said deposit amount of Rs. 5,000. The beauty is that one of the directors Mr. Akkappa Row came forward to lend the money at an exorbitant interest of 12% per annum. This is one of the directors that

now comes forward to say that they have taken a deal of trouble and suffered a heavy loss to build up the company now in liquidation. I don't mind much for the loss I have suffered but I wish to see that justice will be rendered in my case. This amount which I raised on the mortgage of my 3 motor cars, I deposited with the Government and got permission to start work. If I had not done that I would certainly have lost all what I had spent till then amounting to say about Rs. 15,000. I had not only to raise money on the mortgage of my property but also to pay interest from my pocket.

At this stage I was faced with another difficulty and that is the Government passed a proceedings to the effect that unless a sum of 4 lacs of rupees is collected the work should not be started. When I explained this fact to the directors, they unanimously came forward and said that since they are incapable of collecting that amount, the company should be voluntarily wound up. Are they not ashamed to call the company now their own which they wanted to wind up? The company is really mine which I took the trouble to build up to the best advantage of the share holders who purchased shares at my instigation and influence and contributed money. This is the product of my own hard work which I undertook from the very inception to the stage of lighting up the town of Bellary, at my own risk and responsibility and for which I did not spare my valuable time, energy, health, property and all that was mine. I leave everything for the readers of this short account to judge.

To solve the above mentioned difficulty of collecting 4 lacs of rupees, I chalked out a scheme and with consent of the directors, I obtained permission from the Government to start work with a collected amount of rupees one lac and fifty thousand. Even for this the directors did not render me any help. For the sake of name they were directors and the whole work was mine. I wish to see any one of the directors coming forward with a bold

front to say that he or any one of the other directors rendered any sort of help in these stages.

6. Just at this time an exhibition was arranged at Bellary and I learnt that Lord Wellington the then Governor of Madras was to preside. I immediately proceeded to Madras and presented an application requesting to visit the premises of the company's installation and pass his opinion. My request was granted and I am glad to say that the Governor in his speech at Bellary predicted success in glowing terms, his speech gave further encouragement to the share holders and the general public and my work of selling shares was made easy.

7. Immediately afterwards, leaving the share canvassing business to my agents, I applied myself to the construction work. I arranged with Messrs. Fakhruddin Sahib & Sons of Bangalore to supply electric posts to the value of about Rs. 25,000 on condition that payment should be made as share amount is collected in the company. They agreed and accordingly supplied posts to the value of about Rs. 25,000 which I fixed in the streets of Bellary and today they are standing upright to the undyeing glory of the Bellary Electric Supply Co. Ltd., now under liquidation. I am sorry to say that though full value of the posts has been paid to the said firm of Messrs. Fakhruddin Sahib and sons, yet they have suffered a loss of Rs.5000 onaccount of me and I do not know when I will be able to discharge the debt. The readers will be surprised to hear that the directors would not even think of thanking the said firm for the ready help it has rendered in anticipation of payment.

8. Regarding machinery for electric installation. I went to Madras and entered into an agreement with the manager of the General Electric Supply Co. There was no money in the company sufficient to pay for the machinery worth Rs. 96,000. The directors would not come forward to help. I arranged with the manager of the said firm for the importation of the required

machinery, by paying Rs. 5,000 out of Rs. 6,000 then available in the company's funds and agreeing to pay the balance as money was collected in the company by the sale of shares. To satisfy the manager of the said firm of the bona fide of our order for the machinery and the payment of its value from the collection of share amounts, I had to spend my own money and take the manager to Bellary and show him what all I had done there for the installation. The directors did not pay even a single pie towards this expenditure. The manager after satisfying himself of the bona fide of my business, he placed his order for the machinery with the home manufacturers.

9. Later on the General Electric Supply Co. wanted funds for starting the construction work and since there was no money available I called a meeting of the directors and proposed a resolution to be passed permitting the 3rd call. This the directors refused although there was pressure of money for construction expenses. Their main object was to lend money to the company at an enormous interest and keep it in their clutches. With the object of completing the work, I had to yield and borrow Rs 15,000 at 12% interest and pay to the G. E. S. Co. Thence forward the G. E. S. Co. started their operations at Bellary in right earnest

10. Leaving the G. E. S Co. to do its work at Bellary, I started on a tour of canvassing shares. This time I took photoes of different stages of work done at Bellary and exhibited them to the share holders. This gave them satisfaction and they recommended others also to purchase shares and thus I was able to sell a larger number of shares than before. Immediately on my return I discharged the debt of Rs. 15,000 with interest.

In the meanwhile the machinery arrived and the G. E. S. Co. demanded money. I called a meeting of the directors and placed my resolution before them for calling a 4th call. Again they refused to pass the

resolution. The object was the same as before to lend money to the company and keep it under their clutches. All alone I could do nothing without the consent of the directors and to meet the pressing demand for money of the G. E. S. Co. I had to submit to their proposal of borrowing money from them at 12% and in fact did borrow Rs 26,000 and paid it to the G. E. S. Co. This was their attitude from the very beginning and from their actions as expressed above there will be no difficulty to understand their inner object and motive.

11. What about the power house? It was a forsaken place, full of prickly peer and heavy stones. I applied for the place but the local municipality would not give it. The Municipality had given away the tank in front of the place for quarrying stones on a rental of Rs. 500 per annum. Then I had to see Mr. Duff the then Collector of Bellary who with the intention of encouraging the industrial scheme, cancelled the Municipal lease and granted the land about 8 acres in area to us. The condition in which the place was and the condition in which it is now after the erection of the power house is not hidden to the public view. What trouble, I have taken to make the sight suitable for a power house and what trouble I have taken to clear the trees out of the way, for the erection of electric posts, I am sure the Bellary inhabitants have not forgotten.

12. Apart from the company's rules and regulations, what about the rules and regulations for the supply of energy to the public both for domestic and industrial purposes. To make them convenient to the public and workable to the company, I had to take the trouble of collecting information from several other companies in Bombay, Calcutta, Madras and other places and with the help of experienced lawyers the whole thing was *framed* and passed,

In spite of all the trouble and precaution I have taken with a view to establish the company on a firm footing both to the advantage of myself and the share

holders in general it is brought to ruination by the selfish conduct of its directors.

13. Now the day for opening ceremony has arrived. I undertook the responsibility of making all the necessary arrangements for the reception of Sir C. P. Ramasami Iyer and other guests and did arrange everything for a glorious reception. The duty of Row Bahadur Seetarama Chetty being the Chairman of the company was only to go to Madras and present a formal invitation and for this simple work he charged the company Rs. 300 and received. Vide office records.

Director Akkappa Row with a very liberal mindedness, openly said that he would supply the cloth required to decorate the pendal gratis, but after the function was over, without caring for the company's welfare, came, like creditor and collected from the company a sum of Rs. 160 for his pendal cloth which was not worth even half that amount. Vide office records.

Row Bahadur Seetarama Chetty undertook to entertain his hindu friends on the function day and took Rs. 60 from the company but alas! he did not spend even Rs. 5 to give at least a good cup of coffee. Vide office records.

After the opening ceremony was over, the work was in rapid progress and I engaged myself in canvassing more shares for the collection of money required to meet the demand of the G. E. Co and other expenses of the company as the directors would not at all allow me to call for the 4th instalment of share amounts.

As I have already explained in the above paragraphs the directors were lending money to the company and getting 12% interest without any difficulty. I repeatedly brought to bear upon their minds that the course they persistently adopted would unlimatedly prove detrimental to the interest of the share holders. Not being satisfied with the above methods the directors

ıe after another applied to me for contracts to supply aterials for the company's requirements and they ere as follows: --

1. Ramachandra Chetty one of the directors applied to me for contract for the supply of oil to the ɔmpany and wanted his rate of Rs. 128 per ton to be llowed to him in the place of Rs. 78 per ton at which ıe company was purchasing. I would not allow this eliberate robbery of the company's funds to meet the irector's selfish ends at the cost of share holders and ıus I had to incur his displeasure.

2. Akkappa Row another director came to me equesting to grant him contract for the supply of meters t his rate of Rs.26 per meter when the company was get-ng the same at Rs 20. This proposal also being detri-ıental to the interests of the share holders, I could not gree and hence I had to incur the displeasure of this entleman also.

3. Katappa Row another director of the company ame to me with a proposal of taking sole monopoly of viring installations in the town at an exorbitant rate vhich was also detrimental to the interest of share ıolders and house owners and I could not do to him anything favourable against my conscience and thus I had o incur his displeasure as well.

4. Lastly Row Bahadur Seetarama Chetty came to ne with a proposal stating that he being the Chairman ɔf the company he should be allowed a sum of Rs. 100 a month as an honourarium for presiding over the delebrations of the directors in their monthly meetings. His proposal being contrary to the rules and regulations of the company I could not accede to it and thus I had to incur the displeasure of him as well.

All the four directors mentioned above formed a clique and began to concert measures to bring me to book for standing *in their* way of achieving their selfish ends at the cost of share holders. They started false rumours to the effect that the Managing Director was misappropriating the company's funds and with a view to cheat the directors and general body of share holders has got two balance sheets prepared and they even

went to the extent of circulating printed notices calling for a general meeting of the share holdars with a view to check the company's accounts. I immediately handed over the account books to them with full permission to check and find out and satisfy themselves as to the accuracy or otherwise of the company's accounts. They found the accounts quite correct and thus they were disappointed.

They now wanted to cut short the powers of the M. director and proposed to hold directors meeting every month regularly solely for the purpose of drawing for the company a sum of Rs. 25 sitting fee allowed to each of the directors and another weekly meeting to boot, called the meeting of the executive members of the directorate, entitling every one of them attending the meeting to a sitting fee of Rs. 2 per week. Thinking that my refusal to this sort of proposal would further enrage them, I said that if the share holders in a general meeting would agree I had no objection.

16. Immediately after this meeting I went to Mr. Sowdagar Abdul Gafoor Sahib, a wealthy merchant of Bellary and explained the whole situation to him and particularly the wrong procedure which the directors were adopting and convinced him that if they were to continue in that attitude, the company which was established with great difficulty would come to grief very soon. The said gentleman, being wise and well experienced in worldly affairs went to each and every director's house and advised him to conduct himself wisely and honourably and save the well known town of Bellary of disgrace of bringing the company to ruination by the internal dissentions of the directorate. His timely advise had a very good effect and the result was that all the directors joined together, issued another notice stating that all the accounts of the company were properly checked and found correct and that what they had stated in the previous notice was wrong and that all the differences between themselves and the managing director were satisfactorily scored up and that for further progress of the company every share holder of the company must immediately pay up the balance due.

A few days after the issue of this notice a directors' meeting was held in which Sowdagar Abdul Gafoor Sahib was also present, and the following resolutions were passed:—1. Some of the powers of the managing director should be cancelled. 2. There should be directors' meeting every month. 3. There should be an executive committee meeting every week. 4. Executive committee members should be (a) Seetarama Chetty (b) Katappa Row (c) Akkappa Row & (d) Ramachandra Chetty. As stated above the sitting fee for the weekly meeting was Rs. 2 per head. In this way they were drawing Rs. 25 for every monthly meeting and Rs. 2 for every weekly meeting per head for some time in proof of which duly signed receipts are available in the office records.

Although the above said resolution had been passed in the first general meeting, yet when the time for confirmation of the said resolution in the second general meeting came, the share holders having perceived the cunning way of directors' profiteering unanimously withheld their votes for confirmation and thus the said resolution fell through.

In the meanwhile their time of directorship was drawing to a close and being afraid of losing the chance of re-election they began to befriend me and I, not like a wiseman forgetting the harm they had directly and indirectly done to me and instead of availing myself of the chance of saving the concern from the clutches of these selfish persons, and securing it solely to the advantage of share holders, gave them the opportunity of being re-elected as directors of the company. This is not a mere fault but a grave blunder which I have commited and which has ultimately caused the ruination of all my prospects. After they were re-elected they began to play their usual mischief in several other ways, too many to be enumerated here, resulting entirely detrimental to the interests of not only myself but also of the general body of share holders.

17. Now after the re-election, the three gentlemen began to trouble me again. With the deliberate intention of ejecting me out of the company, they called for

a meeting with pre-arranged police help, in which they had resolved to pass a resolution dismissing me from the managing directorship and they did pass such a resolution in that meeting.

18. The next day, fearing that the illegal interference of these mischief mongers will one day or other bring the company to ruination, I presented a petition to the Deputy Collector of Bellary requesting to take precautionary measures to safeguard the property of the share holders and the account books relating thereto and the Deputy Collector obtained surety from them.

The third day, the aforesaid directors went to the Deputy Collector in person and by misrepresentation of company's affairs, got the attachment of company's account books. At about 7 p. m. the said directors came with a Police Officer and attached all those and I in implicit obedience to the court's order handed over the key of the Company's office. The next day at about 9 a. m. the police officer came and took away the records to the court. The next day I engaged a vakil to represent my case and went to the court. The Deputy Collector after giving a patient hearing to all the details of the whole fuss created by the said directors, cancelled the attachment and ordered the records to be taken back to the company's office. Even here the mischievous directors were unable to do any harm to me.

19. Having failed in all their frivolous attempts to usurp the company under their management by driving me out by hook or by crook they resorted to take advantage of the conditions contained in the Electricity Act. The said directors forthwith proceeded to Madras, succeeded, by extending false hopes of handing over the management of the company, in winning over to their side, the G. E. S. Co., to whom the company still owed money for the supply of machinery and the work done by them and making them file a suit against the company in the High Court of Madras together with an affidavit requesting the court to pass an order for winding up the company in case the debt is not discharged within the days mentioned in the Indian Companies Act.

On hearing this news I immediately proceeded to Madras, engaged a competent vakil through the solicitors and protested the winding up petition very strongly. The Judge ordered me to deposit Rs 25,000 and I with very great difficulty, secured the help of Jammal Madugu Reddies who were then against the said directors and who lent me for the company Rs. 20,000 and Mr. Abdul Gafoor Sahib Sowdagar of Bellary kindly came forward to help me with a sum of Rs.5,000 to make up the sum of Rs.25,000. On this sum being duly deposited in the High Court, the judge rejected the application of G. E. Co., for winding up. Here again the mischievous directors were hopelessly disappointed.

20. The avaricious and greedy nature of these mischievous directors would not allow them to keep quiet and allow the company's work to develop further. The Chairman of the company Mr. Seetharama Chetty had lent the company Rs. 6,000. He did not lose time in filing the winding up petition in the High Court of Madras, in the capacity of a creditor. The judge called upon me to deposit this amount as before. When I was making arrangement for the deposit, I was given to understand that another suit was filed against the company for Rs. 20,000 by these directors. Thinking that there will be no end to these litigations, I filed an affidavit in the High Court, representing that there are about Rs. 90,000 uncollected balance of the share amounts and if a meeting of the general body of share holders is ordered for and the balance amount is collected, all the debts of the company can be easily discharged and the company will once for all be delivered free of all these troubles from the clutches of these directors. The judge would not grant my request by allowing time to call for a general meeting of the share holders and collect the balance of share *amounts* and ultimately passed his *orders* for winding up the company.

Immediately the order for winding up the company was passed by the High Court Judge, I requested my solicitors to file an appeal against this order, but some of my friends and well-wishers prevented me from doing

so, and lost Rs. 200 which I had already given to my solicitors for filing the appeal.

At the time of passing the winding up order the said directors tried their utmost through their vakils, at least half a dozen in number, who were all present in the court house, to get themselves appointed as liquidators, but at my suggestion the judge was good enough to appoint Mr. Raghavachary, B.A., B.L., as official liquidator who is now in charge of the company in liquidation.

Now by the order of the court, the object which the ambitious directors so long eagerly longed for was fulfilled excepting the disappointment of themselves not being appointed as liquidators of the company. Their ultimate object in forcing the company to liquidation was to purchase it themselves when it would be auctioned under the orders of court. They were also certain of getting the company at a very cheap price as they thought there wont be many bidders, the company being a big concern for ordinary people to manage, But they were utterly disappointed in their expectations as the local Municipality, having a prior claim over the concern according to the Indian Electricity Act, came forward to purchase it. This was another shock from which they could not possibly recover. Now they actually began to ponder over their foolishness in forcing the company to liquidation as they would also be forced to share the loss which the thousands of other share holders would be put to and with the intention of saving themselves from such a loss, they indirectly instigated some local gentlemen to mediate and bring about a compromise between themselves and me. Accordingly and at the request of some well-wishers of the company, I went to Bellary and attended a private meeting of the aforesaid directors. The arbitrators tried their best and effected a compromise. In the said meeting it was agreed that all the contending parties should forget and forgive the past and now join hands together and unite in the common object of saving the company from ruination in the interest of thousands of share holders and proceed to Madras to get the winding up order cancelled.

Soon after the meeting of compromise I returned to Bangalore fully trusting that at least this time they will faithfully keep up to their promises. But I have been sadly disappointed.

The next day morning I was taken by surprise when I heard that they have joined one Mr. Achari who arrived from Madras with the object of instigating them to float a new company to purchase the one now under liquidation in competition with the local Municipality. The inducement given to them are given below and they are worth noting.

1. Mr. Achari to get Rs. 300 a month.
   Double 1st class travelling allowance Rs. 100 a month.
   Commission of 6 pies per unit on the whole quantity of energy generated every day.
2. Mr. Seetharama Chetty, the present chairman of the company in liquidation to get Rs. 150 a month, as chairman of the new company.
3. Katappa Row one of the aforesaid directors to be the vice-chairman of the new company to get Rs. 75.
4. Ramachandra Chetty another of the aforesaid directors, in the capacity of their assistant in the new company to get Rs. 50 a month.

In addition to the above mentioned remuneration they have also ressolved to hold directors' meeting every month regularly and draw a sitting fee of Rs 25 each. Thus they have very cleverly deviced the plan of floating a new company with the sole object of utilising the profit derived by the company to themselves.

The share holders of the company now in liquadation must carefully note the cunningness of the aforesaid directors. They have contrived this plan only to shut the mouths of poor *shareholders* of the company in *liquidation* and to disable them entirely from questioning their right to utilise the profit of the company to themselves. They would never have had this opportunity of satisfying their ambition by enriching themselves at the cost of thousands of poor share holders who contributed money to build up the concern in question, if

they had carried out the proposal as decided by the arbitrators and agreed upon by both the contending parties in the meeting of compromise as mentioned above.

Now it has become a well known fact that the new company has been registered under the name and style of "Bellary Electric Supply Corporation Ltd."

A deputation of the aforesaid directors headed by Mr. Seetarama Chetty, in the capacity of chairman, vice-chairman and their assistant of the new company approached the Chairman of the Local Municipality to beg of him to wave the prior claim of the local Government in their favour but to no purpose. Seeing that the Municipality is determined to purchase the concern for an amount as estimated by a qualified electrical engineer, they contrived another plan that is they went to the District Judge, on whose file the company's case is at present and who is authorised by the High Court of Madras to deal with the liquidation case as he may deem fit, and offered to pay more than the amount offered by the Municipality. On receipt of the offer of this new company, the Judge ordered the liquidator to report which would be better in the interest of share holders. On the last hearing day, I am given to understand that the Judge has been most considerate and good enough to order for a general meeting of the share holders to be called with a view to record their opinion as to how best the concern may be disposed of in their own interest. One and all of us, the general body of share holders of the company in liquidation, must feel highly obliged and thankful to the District Judge of Bellary for his very sound and considerate order in the interest of all the share holders. Make a mention, now I appeal through this pamphlet, to one and all of the general body of shareholders, scattered all over the Presidency of Madras including the native states of Mysore and Hyderabad, not to lose this opportunity which the Judge has so kindly placed before us and which should be deemed as God send, to make it a point to attend the general meeting fixed on the 12th of September 1926, and do their best to secure the concern which was built with the money contributed by them, to their own future benefit

and advantage and also to do justice to me for all what I have done as detailed in the above paragraphs at the risk of my health, wealth and prosperity.

Dear gentlemen (share holders), when I approached you for help, you readily extended it to me by purchasing as many shares as you possibly could, solely trusting me as a gentleman, trusting me as an electrician capable of successfully completing the installation scheme and trusting me as a businessman capable of managing the business of the company satisfactorily and I in return in due fulfilment of the trust reposed in me, I have not only sacrificed my own money by thousands of rupees which I do not hope to get back, but also worked hard day and night with all sorts of troubles and anxieties attacheo as detailed above and finished the work of installation and as a result the people of Bellary, are to-day, enjoying the brilliant electric light. Nobody can stand up and say that I left the work unfinished.

Regarding the management, gentleman, I most humbly beg to say that I managed the business of the company most satisfactorily, in spite of various kinds of troubles and anxieties I was subjected to by the persecution of the aforesaid directors as detailed above and am proud to say, that I left the concern of the company not only self-supporting but also capable of earning profit to an extent of a few thousands of rupees for the share holders. If I had only been left peacefully to do my business undisturbed, I would have further developed the concern to a greater advantage.

Gentlemen, from the details given above, it will be quite clear to you, how hard I have fought to save the concern from being brought to liquidation. I have done all these only to safeguard your interest, in response to the trust you so kindly reposed in me and to save my honour and reputation in the eye of the general public, but alas! my humble attempt proved beyond my powers and the disposed directors had the upper hand and what has been the result is known to every body. I am really ashamed for what has happened but really I could not help it.

Gentlemen, it is also incumbent on your part to know the important fact, why the aforesaid directors so mercilessly brought the company to liquidation, because they had nothing to lose for example, the first licensees Messrs Akkappa Rao and Ramachandra Chetty etc, the very same directors have received from the company's funds a sum of Rs. 3000 in the name of preliminary expenses which they stated to have spent for obtaining the license.

Further in consideration of having obtained the license first, each of the above said directors obtained from the compony 250 fully paid up shares, in other words Rs. 2500 each gratis.

All the statements made in the above paragaraphs may be considered one-sided but they are not, and I solemnly declare in the presence of Almighty God that this is real truth and nothing but truth.

They have played the whole game solely for the purpose of driving me out and usurp the company to satisfy their own selfish ends. If this fact is proved then all the details I have given above must be taken to be true. In proof of the truth of their real intention of driving me out to their own advantage, I beg to refer you to the petition which they presented under the signature of Mr. Seetarama Chetty, to the Chairman of Bellary Municipality, for your kind consideration. There you will find clearly stated that their main object in bringing the company to liquidation was only to get rid of me and nothing else. The company was quite solvent and working at a profit. The same opinion had been passed by the Judge of the High Court of Madras in his judgment at the time of passing the winding up order.

In conclusion I beg to impress upon the minds of all the share holders in particular and other sympathisers and well wishers, in general, the following facts, with full belief that for the sake of God and for the sake of saving the purely Indian concern the first of its kind in the presidency of Madras, will, under all circumstances, make it their bounden duty to attend the general

meeting of the share holders fixed on the 12th September 1926 and do their best·

1. I have explained in the foregoing paragraphs, in very clear terms, how the chief reason of the directors to be illdisposed towards me.
2. I have also stated in clear terms, how they proceeded from one step to another towards the achievement of the object of their innermost heart.
3. I have also clearly stated in the above paragaraphs, how, they the inimical directors, have cunningly arranged in the new company to be benefitted themselves by monthly remunerations etc
4. I have also clearly stated that they have purposely brought the company to liquidation to satisfy their own selfish ends and this is proved by their arrangements in the new company as stated above. They would certainly not have got such favourable privileges in the new company if the old company had not been wound up.
5. By the winding up order the company is placed under liquidation and if necessary steps are not taken at the time of general meeting the company will be sold with the result that the share holders will be paid only a certain percentage of the amount they have contributed out of the sale procees. The future advantages which the share holders expected to reap, after the development of the concern will be lost to them for ever.

The only way now left open for all the share holders to save not only their money but also their honour and reputation is to attend the general meeting on the 12th September positively and protest against liquidation strongly and take back the concern themselves under their management on an assurance to the deciding authorities to pay up the balance of their

share amounts to facilitate the discharge of debts due by the company in course of time according to the collections made by the company from time to time. If the share holders appeal to the deciding authorities is a sincere earnest one, I am sure it will receive favourable consideration. Please note that if this chance is lost, it will be lost for ever.

Regarding myself, I beg to state that I am always at your service and am prepared to help you to the best of my ability. May God bless the share holders with a glorious success is my humble and earnest prayer.

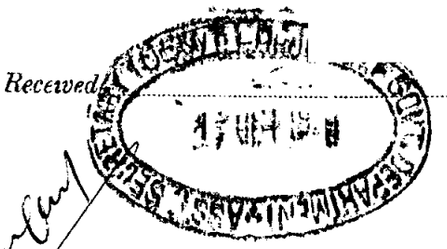
BELLARY,
10th Septr. 1926.

S. M. Hussain,
Managing Director of the Company under liquidation.

Printed at the Caxton Press, New Tharagupet,
Bangalore City—1026.

C.F. 30—10,000—7-8-26.

DEPARTMENT.



Received ..... 192 . *Registered* 192

31084

Subject. Bellary Electrical concern - Revaluation of the Electrical plant.

L.S.G

P.W & L to c the issue of necessary order to the Govt Electrical Inspr

Sec 18/10 18/10

P.W & L to

RSc No. 71/26.

Station Bellary. , *Dated the* 12th October 1926

H.R.Ry,

From (Name) N. Narayana Rao Garu, B.A., B.L.,

(Designation) Chairman, Municipal Council.

To The Secretary to the Government of Madras,

Local Self Government Department.

Madras.

Sir,

I have the honour to report that at the time of the original valuation of the Electrical plant of the Bellary - - Electric Supply Company Limited, one of the two engines was found to have been damaged and the Electrical Inspector has in his valuation statement, made necessary deductions in valuation and that the Official Liquidator has recently reported to the District Judge that the 2nd Engine also has become damaged.

According to Section 5 of the Indian Electricity Act, the present value of all materials has to be paid and consequently a further valuation has become necessary as in the interval some of the materials have become damaged. If the original valuation of the Electrical Inspector is to be accepted the Municipal Council will have to pay for damaged articles als

and may be a loser. I request you therefore to kindly depute the Electrical Inspector to go over to Bellary and revalue the materials which have become damaged and to send up a fresh - - valuation, statement.

I have the honour to be,

Sir,

Your most obedient servant,

C. R. Reddy

Chairman, M. C.

17/1/26

DEPARTMENT.

Received ..... 192 . *Registered* ..... 192 .

31211

Subject.

"Electrical concern - ... certain
Inspector re, inst... for revaluation.

P.W. 41 us
Tour 19/8

dey
Phones

ENCLOSURES.

.....

.....

Spare copies .. ...

P.Sc No. 71/26.

Station Bellary. , *Dated the* 17th October 1926.

From (Name) M.R.Ry, N. Narayana Rao Garu, B.A., B.L.,

(Designation) Chairman, Municipal Council.

To The Secretary to the Government of Madras,

Local Self Government Department.

Madras.

Sir,

I have already requested you in my S.C. 71 dated 12th October 26, to depute the Electrical Inspector to revalu the properties of the Bellary Electrical Company and wish to point out that no orders on the subject have been sent to me yet. The necessary money for the purchase of the Electrical concern will be available very soon and it becomes necessary to know the amount to be paid to the Liquidator towards its purchase. At the time of the original valuation one of the engines had become damaged and subsequently the second one ha also, I learn, got damaged. So I consider it essential that the Electrical Inspector should go over here and revalue the - - properties; otherwise the original valuation fixed at - - Rs 1,32,000 would be very high in consideration of the damaged

conditio-

condition of the other engine.

The presence of the Electrical Inspector is also necessary as the candidates for the appointment of an Electrical Engineer have to be personally interviewed before one is pitched upon. I request therefore that the Electrical Inspector may be urgently deputed to go over here and revalue the properties and also to be present at the interview of the candidates for the Engineership and that early intimation of his visit may be given to me so -- that I may intimate to the candidates to go over to Bellary.

Narayana Rau
Chairman, M. C.
18/10/26

C.F. 30—10,000—7-8-26.

DEPARTMENT.

31212

Received 19 OCT 1926 192 . *Registered* 192 .

Subject.

Electrical concern - Debenture Loan - Resolutions thereto - Permission under Section 5 (q) Electricity Act prayed for.

I.S.G No. 31212-1 Ltr 19.10.26.

ENCLOSURES.
No Two
Spare copies

Station Bellary. *Dated the* 17th October 192 6

M.R.Ry,

From (Name) N. Narayana Rao Garu, B.A., B.L.,

(Designation) Chairman, Municipal Council.

To The Secretary to the Government of Madras,

Local Self Government Department.

Madras.

Sir,

The Debenture loan has been sufficiently well advertised in the press and various tenders with full deposits of the loan tendered have been received. Up to now Rs 48,000 have been received in the Imperial Bank Branch here and the Municipal Council of Cotacamund has informed by wire that it has been arranging to send Rs 60,000 and would send more also if required. A tender for one Lakh has been received but I have been waiting for deposit of the money so tendered. I expect the loan to be oversubscribed within a week and I shall then intimate to you about my being ready with the requisite money to purchase the said Electrical concern.

The necessary notice to the licensee i.e., the Liquidator required to be given under section 5 of the Electricity

Electricity Act, has been given and the Liquidator had after receipt of the said notice, applied to the District Court to permit him to sell the concern to the Council and the said Court has, in I.A. No. 335 of 1926, passed an order on 9-7-26 in the following words:-

"Under Section 5(b) of the Indian Electricity Act, the sale to the Municipality must be allowed as the Company's license has been revoked and it has received notice of revocation. Sale to the Municipality is therefore permitted".

The Liquidator had also in the said I.A. prayed for permission to hand over the concern to the Municipality pending the completion of the sale and the Court has allowed the said prayer also. A certified copy of the order of the District Court is herewith sent.

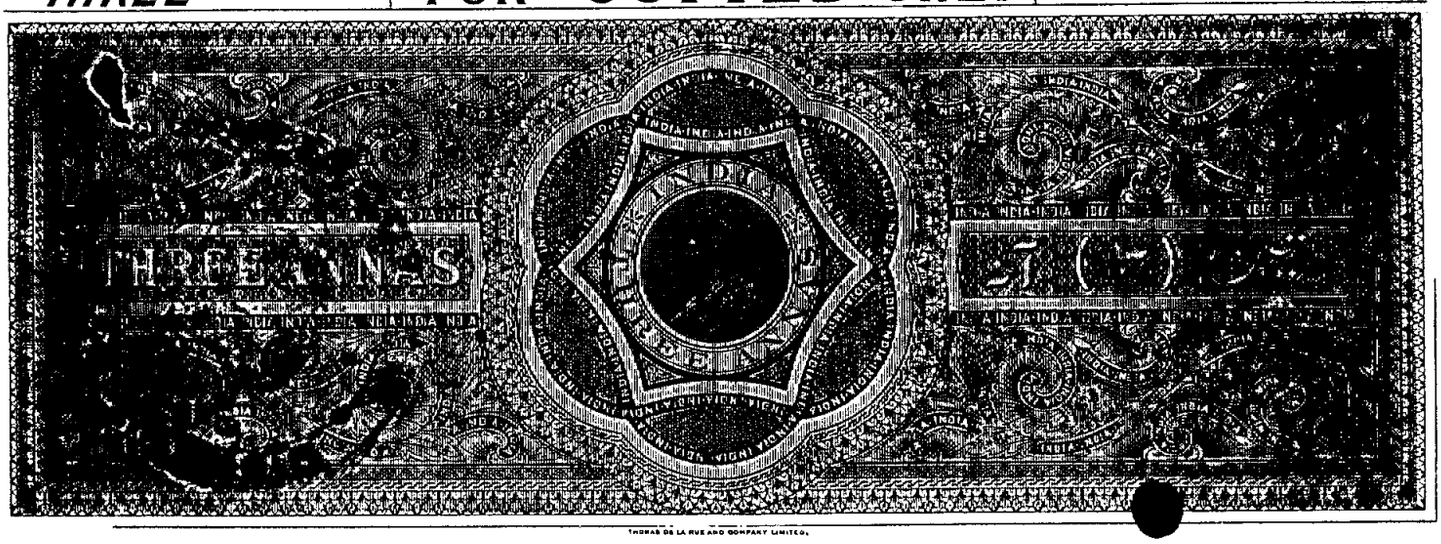
Soon after the requisite money Rs 1,32,000 - sale price - is received in deposits, I shall intimate the same to you and I expect some time also for the completion of the sale.

Before the completion of the sale, the Government has got the power under section 5(g) of the Electricity Act - to permit the purchaser to work the concern. I request you to direct the Liquidator to hand over the concern - before the completion of the sale, to the Municipality and to permit the Municipality to work the concern -

The grant of this prayer, I have felt to be necessary as from the date of acceptance of tenders for the loan interest has to be paid and the Council must find some money for payment thereof.

Narayana Rao
Chairman, M. C.
10.10.26

THREE FOR COPIES ONLY ANNAS



In the Court of the District Judge of Bellary.

Present: H.R.Bardswell, Esquire, M.A., District Judge.

Friday the 9th day of July 1926.

Interlocutory application No. 335 of 1926.

(connected with O.P.Nos. 1 and 19 of 1926 on the file of the High Court of Judicature at Madras).

In the matter of the Bellary Electric Supply Co. Ltd., in Liquidation.

T. Raghavachari, Official Liquidator. ... .. Petitioner.

Interim report of the Official Liquidator, dated 9-7-26, praying that (a) permission be granted to consent to the offer of purchasemade by the Bellary Municipality; (b) permission be granted to sell the said concern to the Bellary Municipality for the sum of Rs.1,32,000/-; (c) if the sale is not completed by the 21st day of July 1926, permission be granted to hand over the charge of the Company to the said Municipality pending the completion of the sale and (d) this Court be pleased to pass such other orders as may be deemed necessary.

This interim report coming on for final orders in the presence of Mr. T.Raghavachari, Official Liquidator in person

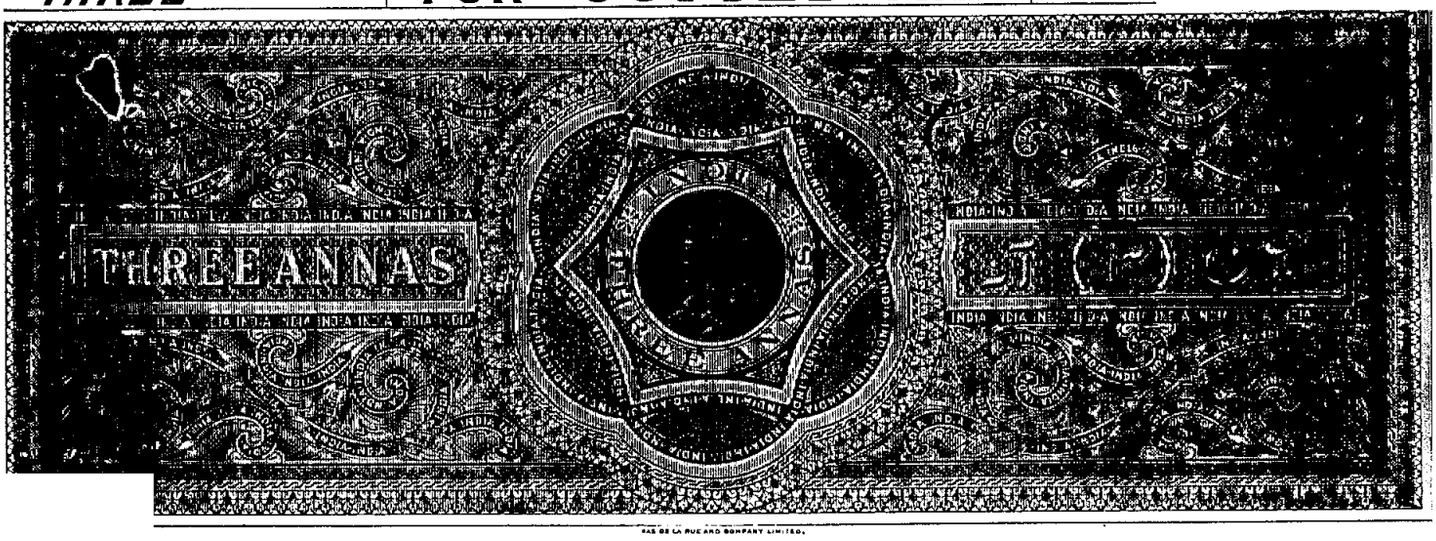
T.T.R. Rangasayee

1200-1230

6-6-26

BG, T

THREE FOR COPIES ONLY 19



andof Mr. S.Sreenivasa Ayyar, Pleader for the Municipal Council, Bellary, the Court made the following ORDER:--

Under Section 5(b) of the Indian Electricity Act IX of 1910 the sale to the Municipality must be allowed as the Company's license has been revoked and it has received notice of revocation. Sale to the Municipality is therefore permitted.

2. Representations have been made to me about the valuatio Before I approve the price of Rs.1,32,000/- time will be given till 16th July 1926 for any request for another valuation.

3. Prayer (c) Allowed.

4. No further orders.

Pronounced in open Court this 9th day of July 1926.

(Signed) H.R.Bardswell,

District Judge.

(True Copy)

For Superintendent.

6-6-26

JUDICIAL **DEPARTMENT.**

12750 B

Received ... 1926 Registered ... 1926

SECRETARY TO GOVT. LOCAL SELF GOVT. DEPARTMENT MADRAS

17 OCT 1926

Subject. 31082

L.S.G

P.W + L ... Please see p. 13 infra. The liquidator has been allowed ... 18/10. run the company till 31.12.19 ... Cont. The Cmte Bellary may be ... 18/10 requested to report whether ... has been able to raise any ... money. The file may then be ... P.W + L

Rule

The Cmte says he has ... the money. He ... has applied to take ... over from 31.12.26. - 18/10.

Say ... 19/10/26

S.G.O 31082-1 L&M 19.10.26

ENCLOSURES.

No. 4

Spare copies

L.S.G

Re No. 607 of 1926.

1870

Station Madras. , *Dated the* 14th October 1926.

From (Name) P.Kandaswami Esq., Attorney-at-Law,

(Designation) Ag.Deputy Registrar, Original Side,

High Court, Madras.

To The Secretary to the Government of Madras,

Local and Municipal Department.

Fort St. George, Madras.

Sir,

I have the honour to forward herewith letter from the District Judge of Bellary No.33/29 dated the 5th instant together with the connected papers referred to therein and to request that early orders may be passed in the matter in the circumstances stated by the District Judge. (1-82 infra)

I have the honour to be,
Sir,
Your most obedient servant,

Krishnamachari 18/10

for Ag.Deputy Registrar, C.S.

HIGH COURT
RECEIVED
8 OCT 1926
APPELLATE SIDE

JUDICIAL **DEPARTMENT.**

Received ..... 192 . *Registered* 192

Subject.

Forwarding a copy of Order in I.A.350 of 1926 on the file of this Court for orders.

ENCLOSURES.

No. 3329

Station Bellary. *Dated the* 5th October 1926

From (Name) H.R.Bardswell Esquire, M.A., I.C.S.,

(Designation) District Judge, Bellary.

To The Secretary to the Government of Madras,

Local and Municipal Department

~~Sir,~~ Fort St. George, MADRAS.

Through

The Registrar of the High Court of Judicature,

MADRAS.

Sir,

I have the honour to forward herewith a copy of my order in I.A.No.350 of 1926 on the file of this Court in O.P.Nos.1 and 19 of 1926 on the file of the High Court, Madras. (In the matter of the Bellary Electric Supply Company Limited, now in liquidation) together with the report of the Official Liquidator and the annexure to I.A.No.545 of 1926 filed on behalf of the members of the

New Company. I would request that early orders may be passed in view of the difficulty felt by the Official Liquidator in working the electric light, a class of work of which he has no practical knowledge.

I have the honour to be,

Sir,

Your most obedient servant,

N R Bardswell

District Judge.

Annexure

to the petition.

Statement of acceptances of shares of the Dallery Electric Corporation Company (1926), Limited, by the share-holders, contributories, &c., of the Dallery Electric Supply Company, Limited, now in liquidation on the Conditions mentioned in the affidavits:-

No. of members (fully paid-up shares). ...		10,500.
Acceptances received up-to 2-10-1926. ...		8,951.
Percentage 81.33 or 85 per cent nearly.		
Number of contributories.		17,713.
Acceptances received up-to 2-10-1926. ...		12,514.
Percentage 71 per cent.		
Total number of persons accepting.	839	
Total number of persons holding shares.		
Total amount of debts.	Rs.	12,937-1-
Acceptances received.	Rs.	10,237-12-
Percentage 79.		

P. Raghavendra

Vakil for petitioner.

4.10.26.

Annexure to
J. A. 525/26.

In the Court of the District Judge
of Bellary

OPs 1119
26 High Court

IN THE COURT OF THE DISTRICT JUDGE OF BELLARY.

Present:- H. R. Bardswell Esquire, M.A., District Judge.

Monday the 4th day of October 1926.

Interlocutory Application No.350 of 1926.

(in O.P.Nos.1 and 19 of 1926, on the file of the High Court, M A D R A S).

In the matter of the Bellary Electric Supply Company Limited, now in Liquidation.

Between

G. Sitarama Chetty. ... ... Petitioner.

And

The Official Liquidator, the Bellary Electric Supply Company Limited, now in Liquidation. Counter-petitioner.

PETITION dated 15-7-1926 under Section 151, Civil Procedure Code, praying to direct the Official Liquidator (1) to apply forthwith to the Local Government for permission to assign the license granted to the Bellary Electric Supply Company Limited to the New Company, (2) to apply for the cancellation of the order of revocation of the license passed by the Local Government, (3) and pending the passing of the final orders for an order to keep the revocation order in abeyance.

This petition coming on again for orders this day: Upon perusing the petition, the report of the Official Liquidator and other papers connected therewith and in the presence of Mr.P.Raghavendracharya, pleader for the petitioner, and the Official Liquidator appearing in person and of Mr.S. Sreenivasa Aiyar, pleader appearing on behalf of the Bellary Municipal Council, the Court passed the following

O R D E R:--

The report of the Official Liquidator will be forwarded to Government whose attention will be called to the

facts that after the holding of a meeting, of which due notice was given, a considerable majority of the members and contributories, present thereat of the Old Company (Bellary Electric Supply Company Limited) now in liquidation, expressed their willingness to join the New Company (Bellary Electric Corporation Company 1926 Limited). This is an indication that the general feeling of the members of the Old Company is in favour of the license being transferred to the New Company. The annexture to I.A.No.545 of 1926 (which I have dismissed to-day), will also be forwarded to show the proportion of members and contributories of the Old Company that have joined the New Company. It will also be pointed out that the valuation at which the New Company is willing to pay is Rs.1,72,000 whereas the Municipal valuation is Rs.1,32,000. It will be represented that early orders are requested as the Official Liquidator is finding a difficulty about working the Electric light.

Pronounced in open Court this 4th day of October

In the Court of the District Judge of Bellary

I. A. No. of 1926.

(In the High Court of Judicature at Madras.

in O.P.Nos.1 & 19 of 26.)

Between:--

G. Seetharama Chetty. ... ... Petitioner in O.P.1 of 26.

a n d

K. Akkappa Rao and others... ... Petitioners in O.P.19 of 26.

Report of the meeting held on 26-9-26 at 8 A.M.

in the Town hall of M.R.Ry. K. Venkata Rao

Garu, B e l l a r y.

Sir,

I beg to submit as follows:--

The above meeting was commenced at 8-3 A.M. About 120 people attended the meeting. A few of them were -- Creditors of the B.E.S. Company Limited in liquidation. The rest were contributories. I presided over the meeting.

First the object of the meeting was explained. The Government Order recently received, (a copy of which is herewith filed) was read and explained to the members. A telegram enclosed herewith from Mr. S.M. Hussain and other Creditors was read and explained. The members voted against any adjournment being granted.

Next, such of the Directors of the New Company

as were present were asked to explain the constitution and objects of the New Company. The members were then informed that any facts and figures regarding the working of the old Company up to date would be furnished to them, if required. A few questions were asked by one of the members present and the necessary information was furnished. Thereupon, one of the contributories addressed the members exhorting them to have the Old Company reinstated by getting the winding up order either withdrawn or cancelled. He said that this would be more satisfactory than the formation of the New Company. M.R.Ry. Haridoss Naidu Garu, B.A., B.L., who was present as a contributory also spoke on the occasion. He was also of the opinion that the Old Company should be reinstated. He was of opinion that in the light of the Government Order above referred to, the scope of the discussion at the meeting was very much narrowed down and the chances of the New Company in getting a license were very little. He pointed out to the members that the Government had, after further consideration in the matter, resolved to confirm the Revocation Order of the 21st July 1926 and had limited the purchase of the Old Company within the provisions of Section 5 of the Indian Electricity Act. He was of opinion that unless the winding up order was cancelled, the Official Liquidator had no choice in the matter of sale and was bound by the provisions of Section 5 of the Indian --- Electricity Act.

M.R.Ry. S. Srinivasa Ayyar Garu also spoke on the occasion and submitted a few facts and figures as to how the New Company would not be able to work with any profit in the future.

M.R.Ry. Rao Bahadur G. Seetharama Chetty Garu spoke in favour of the New Company and pointed out that by the collection of the unpaid Capital and an extension of the business, profits might accrue to the New Company to the benefit of the shareholders. He was of opinion that matters were not concluded by the above G.O. and that a fresh G.O. may be issued cancelling the present G.O.

M.R.Ry. Kolar Ranga Rao Garu also spoke supporting M.R.Ry. Rao Bahadur G. Seetharama Chetty Garu. One or two others also spoke pointing out that no one could definitely say as to how the New Company would work profitably; that it was no concern of the meeting to decide such questions and that they were quite confident that the New Company would work with all success and profit. Some went to the length of saying that they were prepared to take all risks.

After a full and complete discussion of the matter I took the votes of the contributories present. I disallowed the votes of such people as appeared on behalf of their relations (who were or are contributories) as ~~they~~ held no proxies. One or two were present as Legal Representatives of contributories deceased. I did not take their votes as well, as I could find no rule permitting me to recognise their claims in the absence of regular transfer certificates.

M.R.Ry. Raghavendra Rao Garu of Gudekota represented his wife and daughters who are contributories.

He was allowed to speak but not allowed to vote. The ladies were not present. He complained that notice of the meeting was received by his wife but not by his daughters. I assured him that notices had been posted to all the contributories and that I was not responsible for any failure to get notices.

On counting the votes recorded I find as follows:-

1.	Number of contributories present at the meeting. ...	105
2.	Number of contributories represented by Proxy. ...	292
3.	Number of contributories present who voted for the New Company. ...	83

N.B:- Add to this number 292.

4.	Number of contributories present who voted against the New Company.	22

N.B:- No proxies were sent with regard to absentee members who did not like to join the New Company.

As a result of the meeting, I am now in a position to state that 375 contributories have definitely expressed their willingness to join the New Company and 22 contributories have definitely expressed their refusal to join the same. I have also received 9 letters from contributories who state their unwillingness to join the New Company. I should also bring to the notice of the Court that one or two of the members present expressed their desire to have the assets of the Old Company realised in Public Auction as a Director of the Old Company has valued the effects at 3½ to 4 Lakhs of Rupees in an affidavit he filed before the High Court. I directed them to move the Hon'ble Court in this matter.

A few members proposed to deposit proxies at meeting which I declined to allow as it was against the rules. One of them suggested that the proxies held by one of the members of the new company were not obtained under bona fide circumstances. I asked him to represent the matter to this Hon'ble Court.

In conclusion I am of opinion that if the Directors of the New Company should offer to deposit the necessary cash into court or furnish substantial security, for the payment of all the shareholders (~~the number according to my present calculation would be about 91~~) who have not expressed their willingness to join the New Company and for payment to the creditors, the present offer of the New Company would be more favourable to the shareholders, than the offer of the Municipality.

I would respectfully invite this Court's attention to the recent G.O. issued (above referred to) which, in my humble opinion, changes the situation. The claim of the New Company mainly depends, as it was submitted, on the cancellation of the revocation order of 21-7-1926. In other words if the revocation order is not cancelled provisions of Section 5 of the Indian Electricity Act which are imperative would I think govern all further proceedings.

I have the honour to be,

S i r,

Your most obedient servant,

T Raghavachar

Official Liquidator.

Government of Madras.

Received .....1926. Registered.....

Abstract.

Electricity-Bellary Electric License, 1921-Revocation ordered to take effect from 21st July 1926-Official Liquidator authorised to carry on business until 31st December 1926.

Public Works and Labour Department.

G.O. No. 1307-W., dated the 21st September 1926:-

Read the following:--

G.O.No. 931-W., dated the 5th July 1921
G.O.No. 434-W., dated the 21st April 1926
G.O.No. 845-W., dated the 20th July 1926
G.O.No.1056-W., dated the 18th August 1926.

O R D E R:--

In G.O. No.434-W., dated the 21st April 1926 the Government directed that the Bellary Electric License, 1921, be revoked and that the revocation should take effect from the 21st July 1926. Subsequently in G.Os.Nos. 845-W, dated 20th July 1926 and 1056-W, dated 18th August 1926 the revocation of the license was ordered to be held in abeyance. After further consideration the Government consider that the revocation should have effect from the date originally notified (i.e.) the 21st July 1926.

2. Under Section 28 of the Indian Electricity Act, 1910, the Official Liquidator of the Bellary Electric Supply Company Limited is authorised to carry on the business of supplying electric energy, subject to the conditions of the original license, untill the 31st December 1926, pending completion of proceedings under Section 5 of the Act in regard to the purchase of the undertaking.

(By Order of the Governor in Council)

S.H. Slater,
Secretary to Government.

To the Official Liquidator to the Bellary Electric Supply Company Limited, Bellary.

To the Chairman, Municipal Council, Bellary.
To the Electric Inspector to Government.
To the Superintendent, Government Press for publication in the Fort St. George Gazette.
Copy to the Local Self Government Department.
Copy to the Collector of Bellary.

F o r w a r d e d.

(By order)

Signature. Illegible.

22-9-26.

Superintendent.

H Raghavachar
Official Liqu

POSTS TELEGRAPHS.

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay.

Rs.	As.

Office Stamp

Handed in at (Office of Origin.)	Date.	Hour.	Minute.	Service Instructions.	Words.
BANGALORE C	26	13	18		58

Recd. here at 18 H. 35 M.

RADHAKRISHNARI VAKIL SPELLARY

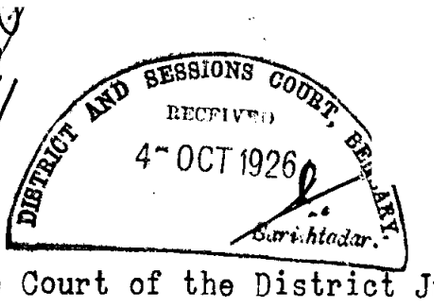
FOURTEEN HONOURED SHAREHOLDERS OF COMPANY INFORMED BY NEW COMPANY NOT READY FOR LIQUIDATOR REFUSAL FORMS FRAY DIRECT LIQUIDATOR SUPPLY GENUINE FRAY FORMS AS MOST LIVING FAR UNABLE ATTEND AND POSITIONS SHAREHOLDERS MEETING

S. HARALA AND OTHERS SHAREHOLDERS

N.B.—The name of the Sender, if telegraphed, is written after the text.

ix Books. Printers Cal.—688—11-7-25—75,000 Bks.

15



In the Court of the District Judge

of Bellary.

I.A. No. of 1926.

(In the High Court of Judicature at

M a d r a s.

in O.P.Nos.1 & 19 of 26.)

Report of the meeting held on 26-9-26
at 8 A.M. in the Town Hall of
M.R.Ry.K. Venkata Rao Garu,
B e l l a r y.

T. Raghavachari, B.A., B.L.,

Official Liquidator.

O.M. No 12748 B-10 25.10.26

From the C.M.C Bellary R.S.C No 71/26 dt 12.10.26
dt 17.10.26

The Electrical Inspector to Govt is instructed to proceed to Bellary urgently as requested by the C.M.C to revalue the electrical plant of the Bellary Electric Supply Company and to interview the candidates for appointment as Electrical Engineer to the Council. The Electrical Inspector should intimate the date of his visit direct to the C.M.C, so that he may arrange for the candidates to be present. The T.A and other expenses connected with the Electrical Inspector's visit will be borne by the Municipal Council.

ALM
25.10.26

Sec
25/10

To
The Electrical Inspector to Govt
with copies of letters from the
C.M.C Bellary Nos RS.C 71/26 dt 12.10.26 & 17.10.26.
The C.M.C Bellary.
Copy to the P.G. Madras
Copy to the A.G. Deptt.

Govt
To be sent by
Special messenger

ALM
25/10

C.F. 30—10,000—7-6-26.

DEPARTMENT.

Received ..... 192 . *Registered* 192

32077

13/62 B

SECRETARY TO GOVT. LOCAL SELF GOVT. DEPARTMENT MADRAS

Subject.

P.W & Lwo

Power ... of 1,32,000/- ready - Permission ... for Commission Agt. for or in the - - ... concern under Sec: 3 cl. 1 of Electricity Act.

Ref.

L. no. 32077 IC 6/10/26

ENCLOSURES.

No. (1)

Spare copies

Dc No. 71/26

Station Bellary. , *Dated the* 25th October 1926

From (Name) N. Narayana Rao Garu, B.A., B.L., M.R.Ry,

(Designation) Chairman, Municipal Council.

To The Secretary to the Government of Madras,

Local Self Government Department.

M. 76-77 and

Madras.

Sir,

In continuation of my letter No. S.C.71/26 of 17th instant, I have the honour to inform you that the debenture loan advertised for has been oversubscribed and that I hold the neces sary sum of Rs 1,32,000/- fixed by the Electrical Inspector, as the value of the concern, in the Branch of the Imperial Bank at Bellary, to be paid at any time to the Official Liquidator.

The Electrical Inspector has been requested to go over to Bellary on the 30th instant for revaluation of the pro-perties and I am sure that on account of the damaged condition of the second Engine, the original valuation will go down by - - some thousands of rupees. Any how the original valuation amoun is kept ready in the Bank and this will be subject to any dedu tions that may be allowed on second valuation.

I have given notice of the same to the Official Liquidator, copy of which is herein enclosed for your information. Some time may be ~~given~~ required to complete the transaction of sale and the Council will be a loser if possession of the concern is not handed over to it as it has agreed to pay interest on loans from the date of their acceptance. Hence I request you to kindly direct possession being handed over to me and to allow me to work the concern before the completion of sale.

I have the honour to be,

Sir,

Your most obedient servant,

Narayana Rao

Chairman, M. C.

25-10-26.

26/10/26

N. P. B. 1000-9-26

Phone No. 23.
No. MC 71/26.
Enc.
From,
M. R. Ry.

Municipal Office, Bellary.
Dated 25th Oct. 1926,

N. Narayana Rao Garu, B A B. L.
Chairman, Municipal Council,
BELLARY,

To
The Official Liquidator,
Bellary.

~~Sir~~

Sir,

The Electrical Inspector has valued the Electrical concern and fixed its price at Rs 1,32,000/-. The Electrical Inspector has been requested to revalue the properties as you had reported that some of the properties had become damaged subsequent to the date of his original valuation and he goes over here for the said purpose on the 30th instant. Any how I have the necessary money of Rs 1,32,000/- in the Imperial

Bank

Bank at Bellary ready. The said money will be instructed to be paid to you after the Electrica Inspector revalues the properties and sends up his report and will be subject to any deductions that he may propose.

(sd) N. Narayana Rao.

Chairman, M. C.

NarayanaRao

Chairman.

25 10 26.

20/10/26

To

His Excellency

The Governor in Council,

Fort St. George, Madras.

The humble petition of **The Bellary Electric Corporation Company (1926) Limited, Bellary,** respectfully showeth :—

In continuation of the previous petitions in the matter, the petitioners beg to bring the following to the notice of the Government for consideration :—

The District Court of Bellary, on the 4th day of October 1926, has passed an order, (Enclosure No. 1) after a review of all the facts, that the assets and liabilities of the Old Company, *viz.*, the Bellary Electric Supply Company, Limited, now in liquidation may be transferred to the petitioner company. A copy of the, official Liquidators' report (Enclosure No. 3) is herewith filed.

From that, it will be seen that at the meeting held by the Official Liquidator under the orders of the Court, as many as 385 share holders were in favor of the petitioner Company taking over the business, while only 22 share-holders were against. So, the Official Liquidator recommended that if the Directors of the petitioner Company would offer to deposit the necessary cash into Court or furnish substantial security for the payment of all the share-holders who have not expressed their willingness to join the petitioner Company, and for payment to creditors, the present offer of the petitioner Company would be more favourable to the share-holders than the offer of the Municipality.

2. From the annexure (filed herewith) to the Order of the District Judge of Bellary, dated the 4th day of October 1926, above referred to, (Enclosure No. 2) it is clear that **85 per cent. of the holders of fully paid up shares, 71 per cent. of the holders of part paid sharers and 79 per cent. of the creditors** have already joined the petitioner Company and have accepted shares in it in exchange for their shares of equal value in the Old Company and have in almost all cases returned their old certificates to the petitioner Company for being handed over to the Liquidator in settlement of their claims against the Old company, thereby, in the words of the District Judge, " *indicating that the general feeling of the members of the Old Company is in favour of the license being transferred to the New Company*".

3. The petitioner Company is prepared to give security for or to deposit the amount necessary to pay the dissenting Creditors

and Share-holders, subject to action being taken under Section 15 of the Indian Companies Act. In fact a petition was filed under the said section proposing a scheme for payment to the share-holders, etc., and the District Judge had ordered that it should be brought again after the Local Government has passed orders sanctioning the sale to the petitioner Company. (Enclosure No. 4)

4. The Official Liquidator expressed that he being a layman, finds it difficult to exercise the necessary supervision and that the sale should be completed as early as possible. The machinery and business require expert supervision and it is therefore requested that early orders may be passed. The petitioner Company have got ready the necessary staff and expert advisers for running the concern to the satisfaction of all and they are quite ready to take charge of the works, immediately the orders of the Local Government are received, even from the 1st of November or earlier if so ordered.

5. As regards the claim which is being openly set up by the Bellary Municipality in their public advertisements for the 7 per cent Debenture Loan that as the Government has revoked the license, the Municipality has under Section 5 of the Indian Electricity Act, acquired the right of priority to purchase the concern, the Petitioners may be permitted to point out that such a claim is on the face of it untenable, for the following among other reasons :—

(*a*) Under the section, the Local Authority herein *viz.*, the Bellary Municipality must within three monts of *Notice of Revocation* under Section 5(1) serve a notice on the Licensee, *viz.*, the Official Liquidator in this case, with the written consent of the Local Government, and in the present case, the Bellary Municipality did not serve any such notice on the Licensee with the previous written authority of the Local Government. The Municipality did not ask the permission of the Local Government nor get the same in time in writing.

(*b*) The date of notice of revocation is 21st April 1926 and the Municipality can exercise the right only within the three months from the date of notice of revocation.

(*c*) The Bellary Municipality was not in a position to complete the payment of the price within the stipulated period of three months.

X notice was served within the three months period - (vide) on 7th July - vide deputation's receipt on p. 23 of memo Pleading A - (756-D-26-1) E.H.A. 14

The permission was given vide D.O. Memo 10904-1 C (Rev) dt. 27.4.26 (Pleading K16) & Ans 18 of Pleading H

The purchase need not necessarily completed within three months. Cf opening sentence in Section 5(d) of the Act; also section 5(g)

Thus it will be seen that in this case the Bellary Municipality did not satisfy any of the three conditions necessary for the proper exercise of the right of pre-emption contemplated by the Act.

6. The petitioner Company humbly begs to submit that the concern is capable of becoming a paying one and that the estimate of the petitioner Company that the concern is capable of earning every month from seven to eight thousand rupees is not an exaggeration will be clear from the announcement made by the Municipality in their prospectus and it is extracted in full for the sake of clearness.

" *The Electrical concern is said to be a profitable one. At present about* 8,000 *units of energy are sold every month and* 300 *out of* 9,000 *houses are now given service. Current is now supplied during nights only. With the extension of the service during day and to the houses not connected to public offices, jails, Cantonment, Cowl Bazaar and Satyanarayanapet and Gandhi Nagar Extensions, Railway Station and to the Bellary Water Works at Hagari and with the supply of energy to gins and factories, the concern is calculated to be a very profitable one.*"

It will thus be seen that the Municipality is trying to purchase for a small sum a business which is capable of being soon developed into a good and paying business in competition with the petitioner Company which as will be clear from the records already submitted is composed entirely of the share-holders and creditors of the Old Company and it is practically the Old Company trying to carry on its affairs with a better and more satisfactory management.

7. The Old Company is entitled to special treatment as the order of revocation itself was based on an obvious misapprehension of facts, and hence when the venture is being sold under section 5 (*c*), the petitioner Company which is practically the Old Company in a new form is entitled to special and preferential treatment.

Further if the Municipality's offer is accepted, the share-holders of the Old Company who have got no dividends all these years, will now get only about 4 annas in the rupee of their paid up share capital, whereas if the concern is sold to the petitioners the share-holders get back practically their full share value and are also enabled to participate in the future profits of the business.

The petitioner Company is in a position to realise immediately nearly a lakh of rupees from part paid share-holders who are ready

to pay their unpaid share money. With this the necessary improvements will be effected and the whole business placed on a very satisfactory and excellent condition.

8. Hence, the petitioner Company submits that the Local Government should be pleased to sanction the sale of the concern to the petitioner Company under Section 5 (c) of the Indian Electricity Act, the Municipality having, as already pointed out, lost its right of pre-emption.

The petitioners humbly pray that His Excellency the Governor in Council may be pleased :—

(1) to sanction the sale of the concern to the petitioner Company under Section 5 (c) of the Indian Electricity Act ;

(2) to direct the Liquidator to sell the concern under section 5 (c) of the Act to the petitioner Company ;

(3) to direct the Liquidator to put the petitioner Company in possession of the concern pending the completion of the sale under the liquidation proceedings :

and (4) to accord sanction under Section 5 (g) of the I. E. Act, to the petitioner Company, the purchaser herein, to work the undertaking pending completion of the sale.

Managing Agent

Vice Chairman & Director

Director

Vakil for the Petitioners.

27.10.26

Enclosure No. 1.

IN THE COURT OF THE DISTRICT JUDGE OF BELLARY.

PRESENT :—

H. R. BARDSWELL, ESQUIRE, M. A.,

District Judge.

Monday, the 4th day of October 1926.

Interlocutory, Application No. 350 *of* 1926.

in

(*O. P. Nos.* 1 *and* 19 *of* 1926, 10

on the file of the High Court, Madras.)

In the matter of the Bellary Electric Supply Company Limited, now in liquidation.

BETWEEN :—

G. Sitarama Chetty ... *Petitioner.*

and

The Official Liquidator, the Bellary Electric Supply Company, Limited, now in liquidation. *Counter-petitioner*

Petition, dated 15—7—1926 under Section 151, Civil Procedure Code, praying to direct the Official Liquidator (1) to apply forthwith to the Local Government for permission to assign the license granted to the Bellary Electric Supply Company Limited to the New Company, (2) to apply for the cancellation of the order of revocation of the license passed by the Local Government, (3) and pending the passing of the final orders, for an order to keep the revocation order in abeyance, 20

This petition coming on again for orders this day, upon perusing the petition, the report of the Official Liquidator and other papers connected therewith and in the presence of Mr. P. Raghavendracharya, Pleader for the petitioner, and the Official Liquidator appearing in person and of Mr. S. Srinivasa Aiyer, Pleader appearing on behalf of the Bellary Municipal Council, the Court passed the following 30

ORDER :—

The report of the Official Liquidator will be forwarded to Government whose attention will be called to the facts that after the holding of a meeting, of which due notice was given, a considerable majority of the members and contributories, present thereat of the Old Company (Bellary Electric Supply Company Limited) now in liquidation, expressed their willingness to join the New 40

Company (Bellary Electric Corporation Company 1926 Limited). This is an indication that the general feeling of the members of the Old Company is in favour of the license being transferred to the New Company. The annexure to I. A. No. 545 of 1926 (which I have dismissed to-day) will also be forwarded to show the proportion of members and contributories of the Old Company that have joined the New Company. It will also be pointed out that the valuation at which the New Company is willing to pay is Rs. 1,72,000 whereas the Municipal valuation is Rs. 1,32,00. It will be represented that early orders are requested as the Official Liquidator is finding a difficulty about working the electric light.

Pronounced in open Court this 4th day of October, 1926.

(Sd.) H. R. BARDSWELL,
District Judge.

(True Copy.)

Enclosure No. 2.

Annexure to the Petition.

Statement of acceptances of shares of the Bellary Electric Corporation Company (1926), Limited, by the share-holders, contributors, etc., of the Bellary Electric Supply Company, Limited, now in liquidation on the conditions mentioned in the affidavits.

No. of fully paid up shares.	10,509 shares.
Acceptance received np to 2—10—1926.	8,891 ,,

Percentage 84·83 or 85 per cent:

Number of contributories	17,518 ,,
Acceptances received up to 2—10—26	12,514 ,,

Percentage 71 per cent.

Total number of persons accepting	839
Total number of persons holding shares.	
Total amount of debts ...	Rs. 62,287 -1-0.
Acceptances received ...	,, 49,237-14-6.

Percentage 79.

(Sd.) P. Raghavendra Chary,
Vakil for petitioner.

4—10—26.

Enclosure No. 3.

IN THE COURT OF THE DISTRICT JUDGE OF BELLARY.

I. A. No. *of* 1926.

In the High Court of Judicature at Madras.

in

O. P. Nos. 1 *and* 19 *of* 1926.

BETWEEN:—

G. Seetharama Chetty ... *Petitioner in O. P.* 1 *of* 1926.

and

K Akkappa Rao and others ... *Petitioners in O. P.* 19 *of* 1926.

Report of the meeting held on 26—9—26 at 8 A. M., in the Town-hall of M. R. Ry. K. Venkata Rao Garu, Bellary.

Sir,

I beg to submit as follows :—

The above meeting was commenced at 8-3-A.M. About 120 people attended the meetting. A few of them were creditors of B. E. S. Company, Limited in liquidation. The rest were contributories. I presided over the meeting. First, the object of the meeting was explained. The Government Order recently received, (a copy of which is herewith filed) was read and explained to the members. A telegram enclosed herewith from Mr. S. M. Hussain and other creditors was read and explained. The members voted against any adjournment being granted. Next, such of the Directors of the New Company as were present were asked to explain the constitution and objects of the New Company. The members were then informed that any facts and figures regarding the working of the Old Company up to date would be furnished to them, if required. A few questions were asked by one of the members present and the necessary information was furnished. Thereupon, one of the contributories addresssed the members exhorting them to have the Old Company reinstated by getting the winding up order either withdrawn or cancelled. He said that this would be more satisfactory than the formation of the New Company. M. R. Ry. Haridoss Naidu Garu, B.A., B.L., who was present as a contributory also spoke on the occasion. He was also of the opinion that the Old Company should be reinstated. He was of opinion that in the light of the Government Order above referred to, the scope of the discussion at the meeting was

very much narrowed down and the chances of the New Company in getting a license were very little. He pointed out to the members that the Government had, after further consideration in the matter, resolved to confirm the Revocation Order of the 21st July 1926, and had limited the purchase of the Old Company within the provisions of Section 5 of the Indian Electricity Act. He was of opinion that unless the winding up order was cancelled, the Official Liquidator had no choice in the matter of sale and was bound by the provisions of Section 5 of the Indian Electricity Act. M. R. Ry. S. Srinivasa Iyer Garu also spoke on the occasion and submitted a few facts and figures as to how the New Company would not be able to work with any profit in the future. M. R. Ry. Rao Bahadur G. Seetharama Chetty Garu spoke in favour of the New Company and pointed out that by the collection of the unpaid capital and an extension of the business, profits might accrue to the New Company to the benefit of the share holders. He was of opinion that matters were not concluded by the above G.O. and that a fresh G.O. may be issued cancelling the present G.O. M.R.Ry. Kolar Ranga Rao Garu also spoke supporting. M. R. Ry. Rao Bahadur G. Seetharama Chetty Garu. One or two others also spoke pointing out that no one could definitely say as to how the New Company would work profitably, that it was no concern of the meeting to decide such questions and that they were quite confident that the New Company would work with all succession and profit. Some went to the length of saying that they were prepared to take all risks. After a full and complete discussion of the matter I took to the votes of the contributories present. I disallowed the votes of such people as appeared on behalf of their relations (who were or are contributories) as held no proxies. One or two were present as legal representatives of contributories deceased. I did not take their votes as well, as I could find no rule permitting me to recognise their claims in the absence of regular transfer certificates. M. R. Ry. Raghavendra Rao Garu of Gudikota represented his wife and daughters who are contributories. He was allowed to speak but not allowed to vote. The ladies were not present. He complained that notice of the meeting was received by his wife but not by his daughters. I assured him that notices had been posted to all the contributories and that I was not responsible for any failure to get notices. On counting the votes recorded I find as follows :—

1. Number of contributories present at the meeting. 105

2. Number of contributories represented by proxy. 292.
3. Number of contributories present who voted for the New Company. 83.

N.B.—Add to this number 292.

4. Number of contributories present who voted against the New Company, 22.

N.B.—No proxies were sent with regard to absentee members who did not like to join the New Company. As a result of the meeting, I am now in a position to state that 375 contributories have definitely expressed their willingness to join the New Company and 22 contributories have definitely expressed their refusal to join the same, 1 have also received 9 letters from contributories who state their unwillingness to join the New Company. I should also bring to the notice of the Court that one or two of the members present expressed their desire to have the assets of the Old Company realised in public auction as a Director of the Old Company has valued the effects at 3½ to 4 lakhs of rupees in an affidavit he filed before the High Court. I directed them to move the Hon'ble Court in this matter. A few members proposed to deposit proxies at the meeting which I declined to allow as it was against the rules. One of them suggested that the proxies held by one of the members of the New Company were not obtained under *bonafide* circumstances. I asked him to represent the matter to this Hon'ble Court. In conclusion I am of opinion that if the Directors of the New Company should offer to deposit the necessary cash into Court or furnish substantial security, for the payment of all the share holders who have not expressed their willingness to join the New Company and for payment to the creditors, the present offer of the New Company would be more favourable to the share-holders, than the offer of the Municipality.

I would respectfully invite this Court's attention to the recent G. O. issued (above referred to) which, in my humble opinion, changes the situation. The claim of the New Company mainly depends, as it was submitted, on the cancellation of the revocation order of 21—7—1926. In other words if the revocation order is not cancelled provisions of Section 5 of the Indian Electricity Act which are imperative would I think govern all further proceedings.

I have the honour to be,
Sir,
Your most obedient Servant,
(Sd.) T. Raghavachari,
Official Liquidator.

(Sealed) Districts and Sessions Court, Bellary.
Received 4th October 1926.

(Initialled) K. R. R.,
Sheristadar.

(True Copy.)

110

Enclosure No. 4.

IN THE COURT OF THE DISTRICT JUDGE OF BELLARY.

PRESENT :—

H. R. BARDSWELL, ESQUIRE, M. A.,

District Judge.

Monday, the 4th day of October 1926.

Interlocutory Application No. 545 *of* 1926

IN

(*O. P. Nos.* 1 *and* 19 *of* 1926, *on the file of the High Court, Madras*).

In the matter of the Bellary Electric Supply Company, Limited, now in liquidation.

BETWEEN :—

G. Sitarama Chetty ... ... *Petitioner.*

and

The Official Liquidator, the Bellary Electric Supply Company, Limited, now in liquidation ... *Counter-petitioner.*

Petition, dated 4—10—1926, under Sections 153 and 179 of the Indian Companies Act VII of 1913 and Section 107, Civil Procedure Code, praying, (1) that the Official Liquidator, (Counter-petitioner herein), be directed to transfer the assets and liabilities of "The Bellary Electric Supply Company Limited" to the "The Bellary Electric Corporation Company (1926) Limited"; (2) that the Official Liquidator be directed to call for meetings as provided for in Section 153 of the Indian Companies Act; (3) and for the purpose of speedy transfer of the assets and liabilities of the above Company to the Bellary Electric Corporation Company (1926), Limited, the Honourable Court may be pleased to fix the amount to be deposited to meet the expenses of liquidation and conveyance, and also, if necessary, for payment to be made to the dissentients.

This petition coming on for orders this day, upon perusing the petition, and the affidavits filed in support thereof and all the material papers connected with the case and in the presence of Mr. P. Raghavendra Charya, pleader for the petitioner, and the official Liquidator appearing in person, and of Mr. S. Srinivasa Iyer, Pleader appearing on behalf of the Bellary Municipal Council, the Court passed the following

ORDER :—

I have no power to grant prayer 1. Prayers 2 and 3 come in only if prayer 1 is granted. Petition dismissed.

Pronouuced in open Court this 4th day of October 1926.

(Sd.) H. R. BARDSWELL,

(True Copy.) *District Judge.*

His Excellency the Governor-General
Fort St. George

The Bellary Electric
Corporation Co. (1926)
Ltd ——— Petitioners

Petition dated
27.10.26

Rolling Electric Locomotive
Revaluation of the electrical plant

L&G

I understand from the CME that the El. Insp. has also to assist in selecting an El. Insp. for the Rly. He could do both jobs at the same time as he has already chosen 5 applicants for final examination - personal

The CME wants a new date & very early intimation so that he can collect the 5 men by win

CE
PWD

PWD

127483
20 JUL 1926

GR.O 80
31211 - L&G
19.10.26.

DE3
20/10

M-7-6-77

... 1212 & 1H ... the Chairman M.C Railway
... 71/26 of 11 X

Railway ... under clause (g) ; Section 5 ... T. R

This may be passed on to P.W. & L.Wo. ...

(W) T.B.R
19-X-26

The Council wants powers under S.5 (g) of El. Act to take over the concern before completion of the Sale. This may be allowed subject to Council having the money and the price being on revaluation

No 31082 L+M From the Deputy Registrar, Original Side, High Court Rule No 607/0 S of 1926 of 14.X.26.

Belling Electric Concern. District Courts orders

Please see page 92 C.F. The Liquidator has been allowed to run the Company till 31.12.1926. The C.N.C. Belling may be requested to report whether he has been able to raise any money: The file may then go to P.W.D. Mo.

(Sd) T.B.R
18.10.26.

The C.N.C says he has got the money. He has applied to take over before 31.12.26

(Sd) C.B.C.
19.X.26

Secy - [Belling Electric licence revocation - Municipal proceedings]

(B) Please see G.O. No 1307 W dy 21-9-26 and the notes written from page 5 thereof. The Belling Electric licence, 1921 has been revoked with effect from the 21st July 1926 and the Official Liquidator has been authorised to run the undertaking until the 31st December 1926, pending completion of the sale proceedings under Section 5 of the El. Act. It has also been decided in the notes that the Municipality should be given time till the 31st December 1926 to raise money & complete the sale and that only in the event of the Municipality not completing the sale by that date further proceedings under Section 5(C) of the Act should be taken.

(B) 1307 W 21-9-26

2/ Please see the further letters received from the Chairman, M.C. Belling at pp 72-79 ante and the Dy Registrar's (High Court) letter at pp. 80-95 ante & the L.S.G. Secy's remarks on pp 1-2 ante

Deputy Registrar's letter & enclosures thereto.

Please see the Dt. Judge's letter at pp 81-82 ante and this Order at pp 83 on the petition presented to him requesting that the license may be assigned to the newly formed company. He has merely

forwarded to the Govt. the Official Liquidator's para 55-56
report at pgs 87 to 91 CP and has pointed
out that the Offl Liquidator has reported
that the general feeling of the members of
the old company is in favour of the licence
being transferred to the new company &
that the valuation at which the new
company is willing to purchase is
Rs 1,7 2,000 whereas the Municipal valuation
~~has~~ is Rs 1,3 2,000. The Dy. Judge also
has suggested that early orders may
be passed relieving the Offl Liquidator
of the work of running the undertaking
as the finds it difficult in ~~running~~ it.
~~The question of assignment of the licence~~
~~has to be decided~~ Under the provisions
of Section 5 of the Act, the Municipality has the first option to purchase
~~the Municipality~~
It has been given time upto the 31.12.26
to complete the sale & Govt wants to get shortly the
views required for purchasing the undertaking.
The assignment of the licence to the new company
does not therefore arise.

Chairman's letter para 72-79 CP

Chairman's letter: The Chairman
reports (i) that the Electrical Inspector may
be deputed (a) to revalue the Electrical plant, para 72-74 CP
& subsequent to the El. Inspector's valuation in June last
another Engnr has become deceased, and (b)
the Board would like Govt mind in selecting an para 75 CP

El Engineer for running the plant and (ii) that

H.76-77 permission may be given to the council under section 5 (g) of the Act to take over the concern at once, pending completion of the sale.

Revaluation of the El. plant.

The Electrical Insp^r is on tour and is has returned to Day. (22nd). ~~expected to return to Madras on the 23rd.~~ Apparently the Second Engine which is now reported to have become damaged was in a good condition at the time of the El: Inspector's original valuation, Please see in this connection section 5 (b) of the El Act. The Municipal council have on 7th July last made an offer to the Offl. Liquidator to purchase the concern for Rs 1,32,000. Which was the valuation then fixed by the El Insp^r + the delay in completing the sale was due to the council not being in a position to raise the requisite money. In the circumstances it is for consideration if the council's request for a revaluation of the plant with reference to the present condition of the plant is permissible to be accepted. The new company is reported to be willing to purchase the undertaking for Rs 1,72,000 as against the offer for Rs 1,32,000 made by the council.

Public H 21 of 1926 Memo 7567/B/26-1. 27-9-26 (A)

The official liquidator is not bound to sell at the price fixed by the El. Inspr. In case of difference or dispute the matter is to be determined by arbitration. The El. Inspr may be directed to confer on the selection of an El. Engr for the Council. It is presumed that the Council will have the T.A. charges of the El. Inspr and also any fee that may be fixed by Govt if a revaluation of the plant is to be made.

Permission (under Section 5(g) of the Act) to take over the concern at once. This may be granted. The Dt. Judge also has suggested that the Off. Liquidator should be relieved early of the work of running the undertaking.

As to how the arbitration is to be carried out, please see section 52 of the Act & para 23 of the Instructions to Mgrs & book [illegible] Act

yours [illegible]
22-10-26

There can, I think, be no question that the Municipal Council is entitled under the Act to take over the undertaking. It has given sufficient evidence of its capacity to pay the price, and orders should, I think, issue | M under sec. 5 (g).

But first the Off. Liq. should be instructed

to visit Billing for re-valuation (the ground state being a reasonable one) and he may at the same time vet the M.C.'s ~~[illegible]~~ engineer-applicants. The Chairman wants this urgently, as I have already told M.C. that he will probably have to give evidence. M. draft at once thereafter.

Secy
25/10

For Secy

A draft Ord. to the Electrical Inspr. is submitted.

Secy
25/10

Alls
25/10

Issued as Ord. no 12748/B-f of 25-10-26.

Corr. 13162 From the Chairman re. Billy Rise 26 725 4

For Secy

A further letter recd. today from the Chairman, Mr. C, has been added to the current file (ff. 97-100 cf)

2. With reference to portion marked A on p. 10 of the printed notes to Go 1307 W of 21-9-26, & the Secy's order at M on p. 6 ante, a draft order on the case is submitted. It may be circulated to C, & to the Executive

+

Vide N.S.J. ... ante 16.C.J. 2nd ... 50- Hay B. ... Circulate ... p 10 of ... ib. Clk

In addition to the petition dated 25.6.26 from the Municipal Council another petition has been forwarded to Govt. from what is called the "New Company" which may be added to the C.F. It is dated 27.6.26. That petition contains a Report by the Liquidator (vide p 109 C.J.) and on it the Ot. Judge has passed an order (vide p 110 C.J.) Encl I (A-5-96) 2.4.1926 offering hearing the pleader for the municipal Council in which it is provided that the new Company is prepared to pay Rs 172000 as against the municipal valuation of Rs 132.

Apart from this, it is urged that S 5(a) & (b) have ceased to govern the case on account of lapse of time & certain other circumstances & that S. 5-(c) is the only one applicable. (in which case the amount of the offer will be an important consideration)

In these circumstances & in order to avoid further confusion, the Advocate General may be urgently consulted re. O as to the tenability of the contentions raised in §5 of the petition & the file may thereafter be recirculated. p 102 C

Clk
29.6.26

Mr H.M. has asked me verbally to verify the Petitioners' allegation that the Bellary M.C. has lost its prior right by lapse of time. The allegation is not correct. The notice of revocation was dated 21st April

and the M.C. gave notice on the 4th Jan
(ie. within the statutory three months)
of intention to buy.
In the circumstances, the M.C. seems to
have an unassailable right under
the Act.

·22
N 29.10
N 5.11.26

SMS
29/10

C1 In the circumstances &
HE on the assumption that
consent
the ~~permission~~ of Govt
under S. 5(b) was in effect given by the memorandum (KK)
(issued in d S.G) the local authority's right seems to be clear

CSR
1-11.26

B.
2.XI.26.

The Town Clerk is ~~acting~~ hearing counsel for
the reconstituted company and a
representation of the M.C. Bellary
on the 9th. Should the draft
order be held up until then?

Yes
CSR

C-22
Sent 5-11
Rtd 5-11.

SMS
5/11

C1 CSR
5.11.26

Please see notes on ~~Mr~~ 22-23 on f
in the linked file. The draft
already put up has been revised
and is submitted for approval.

SMS
Issue

G.O.No.931 W dated 5th July 1921.
,, ,, 434 W & 21. 4. 1926.
,, ,, 845-W dated 20th July 1926.
,, ,, 1056-W, dated 18th August 1926.
,, ,, 1307-W, dated 21st Septr. 1926.
2046 W & 23.12.1926
222 W & 31. 1. 1927.

Petition dated 27-6-26 from Rao Bahadur G.Sitaram chetty other residents of Bellary town.

Memorial dated June 1926 to H.E. the Governor in Council from the shareholders & Directors of the Bellary Electric Supply ~~Corporation~~ Company Ltd.

From the Collector of Bellary dated 16th July 1926.

Petition from the Bellary Electric Corporation Company(192 Limited, dated 30-7-26.

Letters from the Chairman, Municipal Council,Bellary,R.S.C No.71/26 dated 12-10-1926 & 17-10-26.

From the Ag.Deputy Registrar, High Court, Madras, R.O.C.No 607/O.S. of 1926 dated 14-10-1926, forwarding letter from the Dt. Judge, Bellary No.3329 dated 5-10-1926 in the matter of the Bellary Electric Supply ~~Corporati~~ Co. Ltd., (in liquidation).

O.M. No.12748 B-1, dated 25-10-1926.

From the Chairman, Municipal Council, Bellary, R.S.C.No.7 26 dated 25-10-26.

~~-do-~~ ~~-do-~~ -do- 297 W & 9.2.192

O R D E R(Press) No. ~~2044~~ W, d/ ~~1~~ 2 1927

The memorialists are informed that the orders passed, revoking, under Section 4 (1) (d) of the Indian Electricity Act, the Bellary Electric License, 1921, granted to the Bellary Electric Supply Company Ltd., cannot be cancelled Nor can the license be assigned to the newly-formed Bellary Electric Corporatic Company Ltd., as under the provisions of Sec.5 of the Indian Electricity Act the local authority- the Municipal Council, Bellary in this case- has the first option of purchasing the undertaking and it has taken action under Section 5 (b)

of the Act requiring the official liquidator to sell the undertaking to it.

2. With reference to the request preferred by the C.M.C., Bellary, in his letter R.S.C.No.71/26 d/ 17-10-1926 the Govt. are pleased to permit the Municipal Council, Bellary, to work the undertaking pending the completion of the sale. The Municipal Council, Bellary, is authorised to take over the plant at once from the Official Liquidator, of the Bellary Electric Supply Company Ltd., subject to subsequent payment of a price approved by Govt., with regard ~~of a fair price (to be fixed by Govt. hereafter subsequently as~~ to which the official liquidator has already been instructed to her get a valuation made.

3. The following notification will be published in the Fort St. George Gazette:-

Under the provisions of section 5 (g) of the Indian Electricity Act,1910, the Municipal Council, Bellary, is permitted to work the Bellary Electric License, 1921, pending the completion of the sale of the undertaking to it. The orders in which the official liquidator of the Bellary Electric Supply Company Ltd. was authorised to carry on the business of supplying electric energy under Section 28 of the Indian Electricity Act, will cease to have effect from the date on which the Municipal Council takes over the undertaking.

(B.O.G.C.)

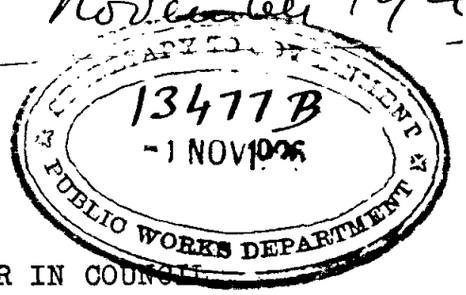
27.1.27

To,

The Official Liquidator to the Bellary Elec. Supply Compy. Ltd. Bellary, thro' the Dt. Judge, Be
,, Chairman of the Bellary M.C.
,, Elect. Inspector to Govt.
,, Collector of Bellary.
,, L.S.G.Deptt.
,, Memorialists Rao Bahadur G.Sitaram Chetty & the Shareho & Directors of the Bellary Elec Supply Compy.Ltd.(in liquidat Bellary.
,, Bellary Elec.Corporation Co.(Ltd.Bellary
.. S.G.P.for publcn.of notfcn in

Madras 12

18th November 1924



TO

HIS EXCELLENCY THE GOVERNOR IN COUNCIL

FORT St. GEORGE, MADRAS.

Through S. H. Slater Esq C.I.C.I.E., C.M.G., Secretary P.W. Department, Madras

The Humble petition of the Bellary Electric Corporation Company 1926 Limited, as representing the bulk of the members of the Bellary Electric Supply Co., Ltd., now in Liquidation most respectfully beg to state as

F O L L O W S :----

When the Bellary Electric Supply Company Ltd., was ordered to be wound up by the High Court in March 1926, the circumstances that led to it, are fully set out in the first petition sent to the Local Government, a copy of which is herewith enclosed as Enclosure No. 1. After the decision of the High Court, the Government issued a notification revoking the license with effect from 21--7--1926 under Sec 4 (d) of the Indian Electricity Act. The order of revocation was passed without notice to the Licensees or the Company in Liquidation and was apparently passed on the footing that the company was insolvent and that it was unable by reason of its insolvency fully and efficiently to discharge the duties and obligations imposed by the License.

2. The Local Government is a statutory body constituted under the Act and vested with certain judicial powers. Its actions are under the Act subject to question in Courts of Law and Local Government acting under this Act as a judicial body is subject to the jurisdiction of the High Court and the High Court can rectify the proceedings of the said body by issueing writs of ~~certiorari~~ certiorari, mandamus etc. Hence it is bound to exercise judicial descretion and act judicially under the Act. In this case the order of revocation passed without notice is opposed to principles of natural justice, that no one should be punished by an order passed behind his back.

The Company whose license was revoked was in fact, not insolvent as is evident from the order of his Lordship Justice V. V. Sreenivasa Aiyangar, which is submitted as Enclosure II. The action of the Government is consequently Ultra Vires and without Jurisdiction.

3. The company was discharging the duties and obligations imposed on it by the License fully and sufficiently. There was no complaint by any one that the Company was not discharging its duties fully and efficiently.

4. Even assuming that the conditions laid down in S. 4 (1) d. did exist the Local Government is not bound to revoke the License in every case. It may

instead act under section 4 (2) and impose further conditions for better discharge of the duties imposed by the License.

5. Not being heard in the matter the Licensee was unable to place before the Local Government the facts and circumstances which would prove conclusively

(i) That the Licensee was not insolvent, but was fully solvent.

(ii) That there was no inability to discharge the duties imposed by the License fully and efficiently.

(iii) and that in any event, the proper course to follow was the one under section 4 (2) and not under 4 (1) (d) of the Act.

(6) The Company was, as fully set out in enclosure No. 1 and in the further petitions (Enclos submitted in this matter, driven to liquidation proceedings in order to get rid of Mr. H. M. Hussain's management. It was trying to reconstruct itself and in the meantime the order of 21--4--1926 was passed without any notice to it. The petitioners have from the beginning been objecting to the order of 21--4--1926 as Ultra Vires and opposed to Natural justice and submit that an order like this practically confiscating the property of a subject and compelling the sale of the concern at a Valuation which is in most cases far below

the real value thereof, ought not to be passed without hearing the party concerned.

7. The petitioners therefore submit that the Local Government will be pleased to exercise their powers of review under Section 21 of the General clauses Act and reconsider the matter aft hearing all the parties concerned and then pass final orders on the matter.

The petitioners venture to express their trust and hope that the Local Governmen will not drive to them to adopt proceedings in Courts Law and vindicate their rights.

Without prejudice to their foregoing contentions, the petitioners beg to point out that action should in any event be properly taken section 5 (c) and not 5 (b) of the Act.

8. The Local Authority i.e. the Municipality of Bellary, did not in this case serve on the Official Liquidator any notice as required by 5 (b) of the Act.

9. The notice did not mention any consent in writing of the Local Government. No intimation has so far, been given, that the Local Auth rity has obtained the written consent of the Local Government, to purchase the concern at a valuation to be agreed upon or to be fixed by arbitration.

10. The petitioners may point out that the Electrical Inspector made a valuation at Rs 1,32000 Even he hid not give the Licensee or the official Liquidator any notice of his action. How the valuation was made is not known and no copy of his valuation has as yet been given to any one concerned.

11. The Municipal Council filed a petition in the District Court of Bellary to accept the value of Rs 1,32,000/-. On objection raised, the Court ~~raisedxxkkx~~ adjourned the matter of valuation to be fixed later and in the meanwhile ordered possession to be given to the Municipal Council. Thereupon an appeal was taken to the High Court and his Lordship Justice Beaseley held that no possession can be given before completion of the sale and payment of the purchase money. Finally the petition of the Municipality was ultimately dismissed by the District Court on 14--9--1926. Thus it is clear

(i) that the valuation has not yet been fixed.

(ii) That the District Court rejected the petition of the Municipal Council to purchase the concern.

(iii) That the said order has become final not having been appealed against.

(iv) That the Municipal Council was not in a position to complete the purchase within

three months as contemplated by the Act.

The petitioners were further assured by the order of the Local Government dated that no action would be taken by the Local Government until the Court decided the matter and that in case the District Court decided that the assets and liabilities should be assigned to the petitioner Company, the Local Government would permit such an assignment or that at any rate its claims would be considered along with other offers presumably under section 5 (c) of the Act.

13. It is on the strength of this order that the Court proceeded and finally passed the the order of 4--10--1926, which is filed herewith as Enclosure No. IV.

14. The petitioners submit that under all the circumstances, no case is made out for action under section 5 (b) of the Act.

15. The petitioners therefore pray

(i) that the Local Government will be pleased to exercise their powers of review under S. 21 of the General clauses Act and reconsider the matter after hearing all the parties concerned and then pass final orders on the matter and

(ii) that in any event in the circumstances

mentioned above, the local Government will be pleased to take action under S. 5 (c) of the Act.

For which act of kindness the petitioners shall ever pray.

S. P. Venkatesa Ayyar
Managing agent

N. Chandrasekharan
Valet to petitioners
1-11-1926

B. Somayya
High Court Vakil
1-11-26

I. Petition, referred to in Para 1.

To

The Secretary to the Government of Madras,
Public Works Department,
Fort St. George, Madras.

The humble petition of Rao Bahadur G. Sitarama Chetty and others, residents of Bellary Town, most respectfully beg to state as follows :—

The Bellary Electric Supply Co., Ltd., was formed in 1921 for the purpose of generating electricity and supplying the same to the town of Bellary.

Owing to a provision in the Memorandum of the Company that one, Mr. S. M. Hussain, was to be the irremovable Managing Director with sole and uncontrolled powers of borrowing, etc., the said Mr. Hussain began to defraud the Company of large sums of money and in 1925, the Company owed nearly Rs. 60,000 to the creditors of the Firm and the Company was drifting from bad to worse.

Finding that there was no way of getting rid of Mr. Hussain who landed the Company in a very deplorable state, and would not quit his post, some Directors and creditors were advised that an application for winding up the Company was the only remedy to get rid of Mr. Hussain.

Accordingly applications for winding up the said Company were filed in the High Court. The learned Judge of the High Court in winding up the Company remarked that the winding up of the Company seemed to him to be the only remedy open to the Directors and creditors to get rid of Mr. Hussain who would not agree to any amicable settlement. The Judge also held that the Company was quite solvent but that as certain creditors were not paid in time, the order of winding up should follow.

After the decision of the High Court the Government issued a notification revoking the license with effect from 21—7—1926 under Section 4 (1) of Indian Electricity Act on the ground that by reason of insolvency the Licensee was unable to carry on the business fully and efficiently and have invited the Local Authority, *viz.*, the Municipal Council of Bellary to take up the concern under Section 5 of the Indian Electricity Act. Under the said Act it is only the amount arrived at as per the rules laid down therein as the value of the plant, etc., that has to be paid by the Local Authority. The petitioners understand that the valuation which is fixed by an expert on behalf of the Local Authority is something between 1 and 1½ lakhs of rupees.

The subscribed capital of the Company is Rs. 2,40,000, and the debts payable by the Company is about Rs. 70,000. At the valuation now to be proposed, the shareholders will perhaps get something like 4 annas in the rupee.

The business is a prosperous one and is capable of being developed with fair chances of paying all the debts and shareholders' capital in full. But for the extraordinary and unlimited powers given to Mr. Hussain who began to abuse his powers, the present situation would not have been reached. If sold in auction the concern will fetch not less than Rs. 3½ to 4 lakhs.

The shareholders are nearly 1400 in number and there are a very large number of shareholders in ordinary and poor circumstances to whom the return of 4 annas in the rupee will be a veritable catastrophe.

To avoid all this the Directors and shareholders have been trying their level best and ultimately they have agreed to form a new Registered Limited Company to take over the assets and liabilities of the old Company. The new Company is proposed to be formed of all the shareholders of the old Company and a copy of the Memorandum which is herewith attached will show that the organizers are prepared to guarantee (i) the repayment of all the debts, (ii) interest on the share capital, and (iii) to work the concern successfully.

A difficulty is caused, however, by the provisions of Section 85 of the Electricity Act under which apparently when the old license is revoked the Local Authority has got the first option of buying the concern at a certain valuation.

Seeing that this course will bring about ruin to a large number of shareholders, most of the Directors and creditors of the old Firm resolved, as stated above, to form a new Company and in order to get over the difficulty of the Local Authority, they approached the Chairman, Municipal Council, Bellary, with a request that in view of the possible low valuation and other circumstances, the Local Authority should waive their first option in favour of the new Company. On behalf of the new Company it was also represented to the Chairman, Municipal Council, that the new Company was prepared in the interests of the Municipality and public at large (i) to allow the Municipal Council to elect two of the Directors of the new Company, (ii) to submit to any reasonable concessions in favour of the Municipal Council, (iii) to submit to any terms and conditions that in default of the carrying out of the terms the Municipal Council might even take over the concern. The organizers offered to incorporate new conditions in the license to be applied for on their behalf.

But the Chairman turned a deaf ear to the representations and said that he would not allow the Council to consider the question.

The petitioners have, however, sent up a petition to the Municipal Council.

The petitioners beg to submit that the attitude of the Municipal Council is an unreasonable one and the Local Authority is trying to take advantage of a situation brought about by the winding up petition which was filed to improve the old Company and to bring relief to the shareholders. That was, as His Lordship Srinivasa Iyengar, J., has held, the only course left open to the shareholders and Directors to get rid of Mr. Hussain. As soon as that was done the shareholders and Directors were attempting to reconstruct the Company among the same shareholders so that they may not suffer; but in the meantime the provisions of the Electricity Act which, however, no one knew, has sprung upon them the present situation.

The petitioners approach the Government with a request that the revocation notice issued by them may be recalled, in which case, practically all the shareholders and Directors and creditors of the old Company, will approach the High Court that the business of the old Company and the license may be assigned to the new Company.

The petitioners bring to the notice of the Government that the license granted to the old Company contains a clause, that the license may be assigned with the previous permission of the Government. Thus if the Government are pleased to grant this permission and to cancel the revocation a satisfactory result might be achieved. In conclusion, the petitioners beg leave to point out that the old Company was not really insolvent, that it was never, by any such reason, unable to fully and efficiently carry on the business, that the basis of the Government Order is that there was such inability on the part of the old Company, that as pointed out by the High Court, the said assumption is entirely unfounded and that, therefore, the revocation order of the Government based on such an erroneous assumption should be reviewed and the order of revocation cancelled.

As the original license permits of assignment with the sanction of the Local Government, there would have been no difficulty but for the revocation order passed by the Government. The present petitioners were only waiting for receipt of necessary papers to form a new Company and then wanted to seek the Local Government's permission for the License to be assigned and to request the High Court to direct the liquidator, who now represents the old Company to then assign the License in the name of the new Company. As all the shareholders and all the creditors are willing to such a course the High Court will certainly pass the order and it remains only for the Government to permit the same under Clause (12) of the License and as a preliminary to it, cancel the revocation order as based on a wrong assumption of fact.

The petitioners may also be permitted to beg leave to doubt if the procedure of the Government in taking action under Section 4(1)

of the Electricity Act, without giving notice to the petitioners of their intention to exercise the power, which is exercisable only when the circumstances stated in the Act exist, is not *ultra vires* altogether.

After all, the Local Government is only an authority constituted under the Act, to exercise judicial discretion and act judicially under the Act, especially as the Revocation Order involves a drastic interference with the rights of parties and curtailment of their rights of property.

The petitioners, therefore, submit that, if necessary, an inquiry might be made into the circumstances of the matter, and necessary orders may be passed thereafter.

For this act of kindness the petitioners shall ever pray.

IN THE HIGH COURT OF JUDICATURE AT MADRAS.

ORDINARY ORIGINAL CIVIL JURISDICTION.

Wednesday, the 10th day of March 1926.

THE HONOURABLE MR. JUSTICE SREENIVASA IYENGAR.

O. P. No. 1 of 1926.

IN THE MATTER OF THE BELLARY ELECTRIC SUPPLY CO., LTD.

Judgment :— O. P. Nos. 1 and 19 of 1926.

I have given this matter my very careful consideration. I postponed in this case an order for the petition being advertised as long as I had hoped that there might be ways and means of getting over the difficulties and obstacles and seeing something done by which sufficient money might be raised to pay off the pressing creditors and placing the affairs of the Company on a satisfactory basis. But I do not think it is possible that in the present state of affairs anything at all can be done and I am not satisfied that there is any longer sufficient reason in law for my refusing the order that is applied for. There has been default in the payment of the amount claimed by the creditor and the terms of the Section are satisfied. I gave more than one opportunity to the professional official liquidator to raise an amount sufficient to pay off this and other liabilities which were expected to be pressing. But even though more than one adjournment were obtained nothing has been done and the report of the official liquidator to me personally on the last occasion was that he was unable to do anything further. Mr. Thanikachalam Chettiar on behalf of the Managing Director has strenuously opposed the making of an order of liquidation in this case. Though it is not necessary for me to state anything with regard to the causes that have led to the present condition of the Company, I cannot help suspecting that the whole of the present situation has been got about by the difference between the large body of the Directors on the one side and the Managing Director on the other. The result has been a sort of an impasse and the Company has been really able to do nothing at all for several months past. It may be that the application for winding up has been brought about at the instance of some Directors merely for the purpose of arriving at a solution of the present state of affairs. But I cannot at the same time overlook the circumstance that does appear to me to be the only solution now open. If the Managing Director had agreed to forego what he considered to be his own rights or interests in the matter and if the Directors had also seen their way to work harmoniously, I am sure that the present state of things could have been certainly avoided. It is not a case of an insolvent company. I am satisfied that there are assets, but still under the Section of the Companies' Act the condition has arisen under which the Court could be asked at the instance of a creditor to make an order of winding up. Excepting a few shareholders who now appear through Mr. S. Doraisami Iyer, all the others that have appeared before me on this notice support the application for winding up. Mr. Thanikachalam Chettiar has asked me now not to make immediately an order for winding up but under the provision of Section 239 to order a meeting of the Directors and contributories to be held under the chairmanship of any person I may nominate for the purpose of ascertaining their wishes or at least for a meeting of the Directors only being called to see whether some arrangement could not be made by which the present crisis may be tided over. He has also asked me under the provisions of Section 174 to consult before making an order the wishes of the Directors and contributories in such other manner as I might think fit. If I felt persuaded that there would have been the slightest use in consulting the wishes of the creditors or contributories or in calling a meeting either of the Directors or of the creditors and contributories as suggested by Mr. Thanikachalam Chettiar, I should certainly have done so. But having regard to my own opinion which I have arrived at with regard to the present state of the Company during the last several occasions on which this petition has come on for hearing before me, I feel satisfied that not the slightest useful purpose could possibly be served by putting off the order for winding up and delaying the matter further by calling such meetings or ascertaining the opinions of persons referred to. I therefore direct that the Company be wound up by order of Court.

All parties including the Managing Director are now agreed that Mr. T. Raghavacharlu, High Court Vakil, practising at Bellary, may be appointed as official liquidator He is appointed accordingly. He will as security give his own bond in the sum o Rs. 25,000. His remuneration will be as laid down in the rules. The provisiona official liquidator will pass his accounts before the officer of this Court and I fix hi remuneration at Rs. 500 which will be paid by the liquidator appointed by me a soon as the provisional official liquidator Mr. Siva Rao passes his accounts and get his discharge. In passing the accounts allowance will be made to him for applications made by him to the Court and a reasonable fee for the appearance of lega practitioners on his behalf.

The petitioners and the Directors represented by Mr. Mockett and Mr. V. C Gopalratnam will have their taxed costs for appearing on these applications paid ou of the assets of the Company by the liquidator. I certify for counsel for the petitioners and for the Directors that have appeared by Mr. Mockett. In taxing th costs I direct that the costs reserved by me on the interlocutory application mad in O. P. No. 1 of 1926 on the 19th of February be allowed to all the parties aforesaic to whom I have ordered costs to be paid with a certificate for counsel therein.

10-3-1926. (Intd.) V. V. S.

The time limited under Rule 32 of the Rules of Court relating to companies fo publication of a notice in the *Fort St. George Gazette* is hereby extended by a fortnigh from this date.

22-3-1926. (Intd.) V. V. S.

Certified to be a true copy.

Dated this 10th day of April 1926. *Bench Clerk, O. S.*

II Petition, returned to in Para

To

The Hon'ble The Law Member
in charge of Elec
Govt of Madras
Fort St George, Madras.

The humble petition of the Bellary Electric Corporation Company (1926) Limited respectfully begs to state as follows :—

1. The petitioner company has been formed for the purpose of taking over the assets and liabilities of the Bellary Electric Supply Company Limited, now in Liquidation, in O. P. No. 1 and 19 of 1926 on the file of the High Court of Madras.

2. The petitioner Company has just been registered as No. 1 of 26—27 by the registrar of Joint Stock Companies, Bellary.

3. Before registration the organizers who are all on the Board of Directors of the petitioner company sent a petition to the Government of Madras, a copy of which is herewith produced, which the petitioner begs leave to adopt as part of this petition.

4. In continuation of the above petition, the petitioner begs leave to bring to the notice of the Government the subsequent events that have since happened, so that the Government may be in a position to consider them before passing orders.

5. As the organizers of the petitioner Company were advised that it would be better to approach the High Court with a request that the Official Liquidator of the company now under liquidation be directed to apply to the Local Government for sanction to assign to the petitioner Company the license granted by the Local Government to the old Company and that the assets and the liabilities of the old Company be transferred to the new company.

6. An application was accordingly made on 2-7-26 through one of the organizers for the above reliefs. On the said motion, Justice Beasely the vacation Judge ordered on 6-7-26 that the Liquidator do apply to the Local Government for sanction to assign the license granted by the Government to the old company in favour of the new company as and when formed and has adjourned the further hearing of the said application to 13—7—26.

5. At that time the petitioner company was not registered but it has since been registered. A copy of the Mêmorandum of the petitioner Company is herewith filed. This will show the advantages which will be gained by the shareholders of the old company if the Petitioner company is allowed to take over the old company and to carry on the business.

scheme and have given vakalats to Mr. B. Somayya High Court Vakil Madras, to assent to the terms of the proposed scheme. The other shareholders are also ready and their written acceptances will be obtained in the course of another one week

20. Having regard to the fact that the time fixed in the revocation order viz. (20—7—26) is fast approaching, the petitioner company has been registered and all the above enumerated steps have been taken since the date of the presentation of the last petition. (Copy enclosed). The learned Judge of the High Court having regard to the urgency of the matter has directed the Liquidator to get the sanction of the Local Government to assign the License as a preliminary to ordering the transfer of the business to the Petitioner Company.

It is just possible that the Liquidator may not apply in time hence it is prayed that having regard to the order of the Learned Judge a certified copy of which is produced herewith—the Local Government may be pleased,

(1) To sanction the assignment of the License by the Liquidator and permit him to assign the license to the pettioner company immediately.

(2) To pass an order withdrawing the revocation order as soon as the petitioner company commences business and gets a certificate to that effect from the Registrar of Joint Stock Companies Bellary.

(3) To keep the revocation order in obevance in the mean-

Enclosure N‹

IN THE COURT OF THE DISTRICT JUDGE OF BELLARY.

PRESENT :—

H. R. BARDSWELL, ESQUIRE, M. A.,

District Judge.

Monday, the 4th day of October 1926.

Interlocutory, Application No. 350 *of* 1926.

in

(*O. P. Nos.* 1 *and* 19 *of* 1926, 10

on the file of the High Court, Madras.)

In the matter of the Bellary Electric Supply Company Limited, now in liquidation.

BETWEEN :—

G. Sitarama Chetty ... *Petitioner.*

and

The Official Liquidator, the Bellary Electric Supply Company, Limited, now in liquidation. *Counter-petitioner*

Petition, dated 15—7—1926 under Section 151, Civil Procedure Code, praying to direct the Official Liquidator (1) to apply forthwith to the Local Government for permission to assign the license granted to the Bellary Electric Supply Company Limited to the New Company, (2) to apply for the cancellation of the order of revocation of the license passed by the Local Government, (3) and pending the passing of the final orders, for an order to keep the revocation order in abeyance, 20

This petition coming on again for orders this day, upon perusing the petition, the report of the Official Liquidator and other papers connected therewith and in the presence of Mr. P. Raghavendracharya, Pleader for the petitioner, and the Official Liquidator appearing in person and of Mr. S. Srinivasa Aiyer, Pleader appearing on behalf of the Bellary Municipal Council, the Court passed the following 30

ORDER :—

The report of the Official Liquidator will be forwarded to Government whose attention will be called to the facts that after the holding of a meeting, of which due notice was given, a considerable majority of the members and contributories, present thereat of the Old Company (Bellary Electric Supply Company Limited) now in liquidation, expressed their willingness to join the New 40

Company (Bellary Electric Corporation Company 1926 Limited). This is an indication that the general feeling of the members of he Old Company is in favour of the license being transferred to he New Company. The annexure to I. A. No. 545 of 1926 (which I have dismissed to-day) will also be forwarded to show the proportion of members and contributories of the Old Company that have joined the New Company. It will also be pointed out that the valuation at which the New Company is willing to pay is Rs. 1,72,000 whereas the Municipal valuation is Rs. 1,32,00. It will be represented that early orders are requested as the Official Liquidator is finding a difficulty about working the electric light.

Pronounced in open Court this 4th day of October, 1926.

(Sd.) H. R. BARDSWELL,

District Judge.

(True Copy.)

Enclosure No. 2.

Annexure to the Petition.

Statement of acceptances of shares of the Bellary Electric Corporation Company (1926), Limited, by the share-holders, contributors, etc., of the Bellary Electric Supply Company, Limited, now in liquidation on the conditions mentioned in the affidavits.

No. of fully paid up shares.	10,509 shares.
Acceptance received np to 2—10—1926.	8,891 ,,

Percentage 84·83 or 85 per cent:

Number of contributories	17,518 ,,
Acceptances received up to 2—10—26	12,514 ,,

Percentage 71 per cent.

Total number of persons accepting	839
Total number of persons holding shares.	
Total amount of debts ...	Rs. 62,287 -1-0.
Acceptances received ...	,, 49,237-14-6.

Percentage 79.

(Sd.) P. Raghavendra Chary,

Vakil for petitioner.

4—10—26.

20 (5) P. W. & L. Deptt

V.U

same idea

3/11/26

Put up 3/11.

O.M No 127485/25-2
3.11.26

Bellary Electric Licensing.
1921 - Assignment

The Bellary Electric Corporation Co., 1926, Ltd has submitted a petition (copy enclosed) to H. E the Governor in Council requesting that the Govt may exercise their powers of review under Section 21 of the General Clauses Act & reconsider the matter. The Hon'ble the Law Member proposes to hear the Counsel for the Corporation on the 9th inst at his room in the Fort. The Chairman, R C, Bellary is giving notice of this hearing as he is informed that the Company may appear by their representative if they desire to do so. He is also requested to report at once whether he or any other representatives of the Council will be present on that day.

* The Chairman, R C, Bellary to whom a copy of the petition was sent for information on 7 C P

~~IT~~ 140 PW & Labour Deptt

Letter no 1274813/26-3

3-11-26

To

Henry W. Chandrasekharan ayyr.

High Court Vakil,

Edward Elliot Road

Mylapore.

Sir,

Belling Electric Licence, 192

Assignment.

With reference to the petition presented to me on the 1st November on behalf of the Belling Electric Corporation Company 192 Ltd I am directed to state that the Hon'ble the Law Member proposes to hear you on the 9th instant at his room in the Fort. Notice of this hearing has been given to the Chairman M.C. Belling & he has been told that the Counsel may appear by their representatives if they choose to do so.

2/11/26 2.11.26 2.11.26

2/11

32. Vakils' Chambers, High Co

Madras, 6th Novr.

To

L-H. Slater Esq. ICS CIE

Secretary to Government, Public Works Department

Madras.

Dear Sir,

Re Petition of Bellary Electric Supply Corporation (1926) Ltd

I got a communication that the Hon'ble the Law Member would be pleased to hear the petitioners on Tuesday the 9th inst. at 3 p.m. As I have to be away from Madras from the 9th to the 11th inst. may I request you to be so good as to have the hearing on any day after the 11th inst.? If the Hon'ble the Law Member has no objection to Saturday the 13th inst. I may state it would suit me exceedingly

142

23

Well

I Leave the honour to be,
Your most obedient servant,
N. Chandrasekharan

P.W.D. dept

Letter No. 127 of [illegible]

To

Mr R. Raj. N. Chandrasekhara
Aiyyar B.A.B.L.
Stg Jr Court Vakil
Edward Elliot Road
Triplicane

Sir,

Bellary Electric licence.
1921. Petition of Bellary
Electric Supply Corporation
(1926) Ltd for grant
dated 6th November.

No 22.2.26

The Hon'ble the Law
member will hear you
in the matter on Saturday
noon the thirteenth instant
instead of on the 9th
instant.

I have &c

6.11.26

R.J.
6.11.26

P. W. L. accepts

O.M. No. 12748B/26-5836.11.

Bellary Electric Licence
1921 - Assignment

In continuation of O.M. no 12748B/26-2 of 3.11.26, the Chairman, M.C. Bellary, is given notice that the ~~hearing of the petition~~ date of the hearing is postponed to Saturday noon, the thirteenth instant instead of the 9th instant as previously intimated

Alls
6.11.26

WL
6.11.26
In Secy

To The Chairman,
M.C. Bellary

ID

EAT Quaker Oats FOR HEALTH AND STRENGTH

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay. Rs. As.

Office Stamp

SECRETARY TO GOVT. PUBLIC WORKS DEPART. Recd. 25 NOV 26

Received in at (Office of Origin.) Bellary | Date. 9 | Hour 7 | Words | Service Instructions. 13760B

Hon'ble Law Member Nilgiris

Can a Sperm leaving of Bellary Electric license assignment as per my yesterdays letter 20th instant Please vide adjournment

= Council =

N. B.—The name of the Sender, if telegraphed, is written after the text.

DRINK LIPTON'S TEA.

CIGARETTES CAPSTAN TOBACCO.

Advertising Agents Indian States and Eastern Agency. { P. O. Box 371, BOMBAY. 5, Temple Chambers, CALCUTTA.

Karim Bux Bros.—Printers—Cal.—79 (B-5)—30-4-26—40,000 Bks. (S.-7.)

Oats FOR HEALTH AND STRENGTH

Appearing for respondent Co.
Kindly postpone hearing matter
to Monday

N. B.—The name of the Sender, if telegraphed, is written after the text.

CIGARETTES CAPSTAN TOBACCO

Advertising Agents Indian States and Eastern Agency. { P. O. Box 371, BOMBAY. 5, Temple Chambers, CALCUTT

DEPARTMENT. 1946

13765B

PUBLIC WORKS DEPARTMENT

Received ..... 192 *Registered* 1926 192

Subject.

Bellary Electric License- Assignment.

ENCLOSURES

No. .....

.....

Spare copies .....

No. 71

Station Bellary. *Dated the* 7th November 1926

From (Name) N.Narayana Rao Garu B.A., B.L.,

(Designation) Chairman, Municipal Council.

To The Secretary to the Government of Madras

Public Works and Labour Department.

Sir,

Reference:-- Government Memorandum 12748 B-26-2
Dated 3rd November 1926.

I have the honour to inform you that the date fixed (i e) the 9th instant does not at all on account of elections suit me or the representatives of the Council to be present at the time of hearing. Myself and Mr. P.Siva Rao will be the representatives on behalf of the Council. I request that the hearing may be adjourned to the 20th instant and intimation of such adjournment may be given to me.

I have the honour to be,
Sir,
Your most obedient servant,

7/11/26

For Chairman, M.C.

(4) P W & L Deptt

Letter No 12748B/26-7
Forward

To Mr. N. Chandrasekhara
Ayyar B.A.B.L.
High Court Vakil,
Edward Elliot Rd
Mylapore.

DELIVERED
10. NOV 1926

Sir,

Re Belling Electric Licence, 19
Petition of Belling Electric Supply
Corporation (1926) Co/Ltd -

In continuation
of my letter no. 12748B/26-
dt. 6.11.26 I am directed
to inform you that the
date of hearing of the petition
has been adjourned to
22nd
the 20th instant.

Yours
7.11.26

Thanking
Yours

Alw
9.11.26

Sec
10/11

9.11.26
for Secy

UCS DW + Chairman.

O.N. No 127483/26-6
10-11-26

Belling Electric Furnace,
1921 Assignment
Letter from the Chairman re
Belling Appl. 71 dy 7.11.26

22/7 of

The Chairman,
Belling is informed that the
date of hearing has been
adjourned to the 22nd inst.
~~as desired~~.

am
9/11/26

Alm
9.11.26

Secy
10/11

The Chairman
R.E., Belling.

TO

HIS EXCELLENCY

THE GOVERNOR IN COUNCIL

FORT ST GEORGE

THE SECRETARY

PUBLIC WORKS DEPARTMENT

MADRAS.

COUNTER ON BEHALF OF THE MUNICIPAL COUNCIL BELLARY

RESPECTFULLY SHOWETH AS FOLLOWS:-

1. That the Bellary Electric License granted to Messrs Akkappa Rao Katappa Rao and others, was transferred in favor of the Bellary Electric Supply Company Ltd., and that as it has now been ordered to be wound up, it is represented by the Official Liquidator. That the present Petitioner Company has no locus standi and this present Petition is not maintainable.

2. That after the notice of the revocation of the license was served on the Municipality under Section 5-A. the Municipality has complied with all the provisions of the Act and the Municipality has acquired the right to purchase the concern.

3. That the Government Electrical Inspector who had been deputed by the Government to value the concern valued the properties and fixed the valuation at Rs 1,32,000/-

4. That notice of an offer to sell the concern at Rs 1,32,000/- has been given to the Official Liquidator on 7th July 1926 and that on 9th July 1926, the said Official Liquidator has filed his report in the Court of the District Judge Bellary which contains the following prayers:-

(a) Permission be granted to consent to the offer of purchase made by the Municipality,

(b) Permission be granted to sell the said concern to the Municipality for the sum of Rs 1,32,000/-

(c) If the sale is not completed by the said 21st day of July 1926, permission be granted to hand over the charge of the Company to the said Municipality pending the completion of the sale.

That the District Judge has granted prayers (a) and (c) and that orders regarding prayer No. (b) have not yet been passed, the District Judge desiring to pass orders as to price after a report by the Liquidator in consultation with the Directors. That the Official Liquidator has himself raised no objection to it.

5. That all the formalities necessary under the provisions of the Act have been complied with, the purchase has been effected within the prescribed period of 3 months though no conveyance has been executed; and thus no action can be taken under Section 5 Clause (c).

6. That Section 21 of the General Clauses does not authorise the passing of any revised orders so as to effect rights that have sprung up in favour of third parties.

M Narayana Rau

Chairman,
Municipal Comm
Bellary
23.11.26.

23.11.'26

O.M. No 12748 B/26-9
20/12/26

Bellary Electric Licence, 19

Revocation

In connection with petition submitted by the Bellary Electric Corporation C.o. Ltd. request the Govt. to reconsider their order revoking the Bellary Electric Licence, the Hon'ble the Law Member heard the for the petitioner on the 22nd Nov. When the Counter-petitioner - the Municipal Council, Bellary - was also represented. It was argue on behalf of the petitioner that the action taken by Govt in pursuance sections 4 + 5 of the Indian Elect Act is in the nature of judicia proceedings. Objection was take to the proceedings under section that no prior notice was give Upon further ~~and it was~~ argued that the company can (to the advanta of everybody concerned) manag the undertaking, that the fi fixed, namely, Rs 1,32,000 inadequate, and further that

an application for Rs. 1,80,000 has been made
before the Court for final orders in
the matter of notice of winding
up proceedings is given to the official
liquidator of the Bellary Electric Supply
Co. Ltd. and he is informed
that he is at liberty, if necessary after taking instructions
from the District Court, to place his
observations, if any, in this
matter before Court.

12 N

Ch
7.12.26

RW
7.12.26

Seen
8/12 Secy

Do the Official Liquidator of the
Bellary Electric Supply Co.
Ltd. (To be sent copy
for information)

Chairman,
Bellary Electric Co
Copy 1926
Dy

O P C POSTS TELEGRAPHS.

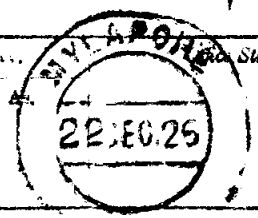
NOTICE.

This form must accompany any inquiry made respecting this Telegram

134.

Charge to [illegible]

Rs. [illegible]



Handed in at (Office of Origin) Date 22 Hour 1515

Service Instructions

Words 20

Rec'd. here at 18 46

TO

Mathers Works Mathers Mylapor

License terminates 31 december

[illegible] orders on carrying

on in anticipation

by [illegible] = Official Liquidator

[illegible] Electric Company =

N.B.—The name of the Sender, if telegraphed, is written after the text.

[illegible] for Bax Bros.—Printers [illegible]—$27—[illegible] 100 for Rs.

36 155

Telegrams.
"BESCO"

PLEASE QUOTE THIS OFFICE LETTER NO. IN ALL YOUR COMMUNICATIONS.

The Bellary Electric Supply Co., Ltd.,

(IN LIQUIDATION.)

Ref. No. 53/3.

BELLARY.

22nd December 1926.

The Hon'ble the Law Member,

Fort, St. George,

M a d r a s.

DEC 16181B

Sir,

I beg to state that according to the order passed on 21-9-1926 in G.O. No.1307-W., my license to run the Power House of the Bellary Electric Supply Co., Ltd., expires on the 31st inst. Nothing has yet been done with regard to the purchase of the concern. In view of the Christmas holidays I have to-day sent a telegram to the Secretary, P.W. & Labour Department, praying for extension of the license after the 31st inst. I therefore confirm the telegram and pray that you would be pleased to grant me extension of license after the 31st inst. I beg to add that in anticipation of sanction I shall carry on the business even after the expiry of the license, if necessary.

I beg to remain,

S i r,

Your most obedient servant,

T Raghavachari

Official Liquidator.

Copy forwarded to the
Secretary, P.W.& Labour,
Madras.

PLEASE QUOTE THIS OFFICE LETTER No. IN ALL YOUR COMMUNICATIONS.

The Bellary Electric Supply Co., Ltd.,

(IN LIQUIDATION.)

Ref. No.

BELLARY,

22nd December 1926.

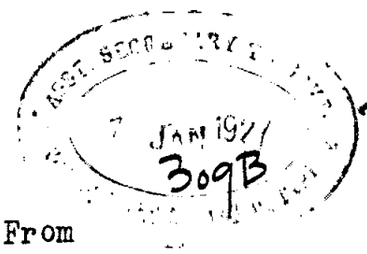
Post copy of telegram.

"Madras Works",

M a d r a s.

License terminates 31 December Pray orders am carrying on in anticipation.

Official Liquidator, Electric Company.



38

Bellary, 5th January 1927.

From

M.R.Ry. T. Raghavachari, B.A., B.L.,

Official Liquidator,

The Bellary Electric Supply Co., Ltd., in liquidation,

B e l l a r y.

To

The Secretary to Government,

Public Works & Labour Department,

M a d r a s.

Re: Memorandum No.12748.B/26-9 dated 20-12-1926

Sir,

I beg to submit that in my opinion the New Company has no locus standi to raise the objection about want of notice, even if it should be conceded that the Government is bound to give notice under Sections 4 and 5 of the -- Indian Electricity Act.

2. Regarding the fitness of the New Company to manage the undertaking to the advantage of everybody concerned:- I am not in a position to form any opinion in the matter especially as I am not in possession of the Bye-Laws and Regulations of the New Company. It is lack of disciplined harmony, organization, and mutual trust in the Directorate that caused the break down of the Old Company as admitted by the Directors themselves of the Old Company. Fresh capital, expert advice, careful management and co-operation in the Directorate are essential to run the business as it stands with any profit.

3. I have already submitted that from the shareholder's point of view the offer of the New Company (if they should deposit the amount in the Court) is more advantageous than the offer of the Municipality.

I beg to remain,

Sir,

Your most obedient servant,

T Raghavachari

Official Liquidator.

40 121

PWD Deptt

O.M. (2)4873/26-IDB/27-1

Bellary Electric Licens
Cl 21 — Revocation.

In paragraph 3 of his lett
of 5.1.1927 the Official
Liquidator has reported
that from the shareholde
point of view the offer of
the New Company (if they should deposit the amount in full)
advantageous than the
offer of the municipalit
The Govt therefore decide
that a fresh valuation
of the electric plant shou
be made with a view to
make it obvious to any com
that all parties concern
have had their interest
protected. The Official
Liquidator is accordingly
requested to arrange for
a fresh valuation and
report the result to Govt
an early date.

Not to order to avoid any
complaint on this account,
Govt think it desirable
a fresh valuation sh
be made

17.

To
The Official Liquidator
of the Bellary Electric Supply Co. Ltd.

17.1.27

17.1.27

17/1

C.F. 30—10,000—7-8-

DEPARTMENT 60

ASST. SECRETARY TO GOVT. 19 JAN 1927

Received 9276 192 . Registered 192

Subject.

Purchase of Electrical concern - Sale money of Rs 1,32,000 ready - Permission of possession and for working the concern under Sec. 5 clause (g) of the - - Electricity Act.

ENCLOSURES.

No

Spare copies

Sc No. 71

Station Bellary, *Dated the* 18th January 192 7

M.R.Ry,

From (Name) K. Narayana Rao Garu, B.A., B.L.,

(Designation) Chairman, Municipal Council.

To The Secretary to the Government of Madras,

Local Self Government Department.

Sir,

Ref:- S.C. 71 of 26 dated 25-10-26.

In continuation of my letter No. S.C. 71 of 26 of - - 17-10-26 and that of 25-10-26, I request you to kindly let me know if orders have been passed by the Government regarding the sale of the Electrical concern to my Council by the Official Liquidator. If, already, orders have been passed I request you to kindly put me in possession of the Electrical concern and allow me to work the same under section 5 clause (g) of the Electricity Act. If the Government desires that I can only be put into such possession and be given permission to work the - - concern after the sale is completed I have to point out that the Council will be put to enormous loss as it has already to pay interest on the sums received as loan. I request early orders

orders may kindly be passed on this matter.

(sd) N. Narayana Rao,

18/1. Chairman, M. C.

(True Copy)

to Government of Madras,
Forward to the Secretary,/Public Works & Labour Department,

Madras

Narayana Rao
Chairman, M. C.
18.1.27

C.F. 30—10,000—7-6-26.

DEPARTMENT.

43 1980 162

Received ... 192 . Registered ... 192 .

SECRETARY TO GOVT. LOCAL SELF GOVT. DEPARTMENT MADRAS. 19 JAN 1927

Subject.

1179B

Purchase of Electrical concern - Sale money of Rs 1,32,000 ready - Permission of possession and for working the concern under Sec. 5 clause (g) of the - - Electricity Act.

L.S.G

Mem. 1980/26 M2 DP

20/1/27.

P. W & L Depte U.O.

UG 19/1/Conf. 2671

Sc No. 71

ENCLOSURES.

No. ...

...

Spare copies ...

Station Bellary. *Dated the* 18th January 192 7

M.R.Ry,

From (Name) N. Narayana Rao Garu, B.A., B.L.,

(Designation) Chairman, Municipal Council.

To The Secretary to the Government of Madras,

Local Self Government Department.

Madras.

Sir,

Ref:- S.C. 71 of 26 dated 25-10-26.

In continuation of my letter No. S.C. 71 of 26 of - - 17-10-26 and that of 25-10-26, I request you to kindly let me know if orders have been passed by the Government regarding the sale of the Electrical concern to my Council by the Official Liquidator. If, already, orders have been passed I request you to kindly put me in possession of the Electrical concern and allow me to work the same under section 5 clause (g) of the Electricity Act. If the Government desires that I can only be put into such possession and be given permission to work the - - concern after the sale is completed I have to point out that the Council will be put to enormous loss as it has already to pay interest on the sums received as loan. I request early orders

orders may kindly be passed on this matter.

Narayana Rao

Chairman, M. C. 18.1.23

Forwarded to the Secretary to G. Govt by direct post & the Petitioner informed. C.S. 21/1/27

Madras
21st January 1927

154

To 1207B

HIS EXCELLENCY THE GOVERNOR-in-COUNCIL,

Fort St. George,

M A D R A S.

The Bellary Electric Corporation Co (1926) Ltd- Petitioners

May It Please Your Excellency,

The humble Petition of the Bellary Electric ~~Supply~~ Corporation Co. (1926) Ltd., as representing the bulk of the shareholders of the Bellary Electric Supply Co. Ltd., most respectfully showeth as follows:-

1. In continuation of the petitions till now filed, the petitioners beg to state that they understand and believe the same to be true that the Official Liquidator has been called upon to send a report to the Government as representing the Company under liquidation regarding its solvency. The petitioners do not know what report he has sent.

2. The petitioners further understand and believe the same to be true that the Official Liquidator ddd not consult the shareholders of the company under liquidation about the matters on which he was called on to send a report, ~~and~~ one of which, these petitioners presume, is the solvency of the old Company. The petitioners beg to state that before final orders are passed by the Government in the matter they should also be heard on the question of the solvency of the Company as also on the question of giving license to the Bellary Municipal

3. The petitioners further beg to state that in case the notice of revocation of license is to be cancelled and license issued in favour of the petitioners the petitioners are ready and willing to bear all charges which the Bellary Municipal Council has incurred till now for securing the license in their favour and for raising a loan for purchasing the concern under Sec 5(b) of the Indian Electricity Act.

4. In these circumstances the petitioners pray that they should be heard before final orders are passed on their petition and that the license should be granted to the New Company on condition of our bearing all costs incurred by the Municipalit

Dated this 21st day of January 1927.

Chairman
Bellary Electric Corporation
Co. (1926) Ltd.,
5, Sembudoss St., Madras.

J R Venkatesa Aiyar
B.A. B.L. C.E.
Manager & Engineer
Bellary Electric Corporation Co.
(1926) Limited.

N. Chandrasekharam
Vakil for petitione

To

HIS EXCELLENCY-the GOVERNOR-in-

COUNCIL, Fort St. George, Madras.

Petition of the Bellary

Electric Corporation Co.(1926) Ltd

Mr. N.Chandrasekhara Aiyar,

Vakil for petitioners.

Telegrams. "BESCO"

PLEASE QUOTE THIS OFFICE LETTER NO. IN ALL YOUR COMMUNICATIONS.

The Bellary Electric Supply Co., Ltd.,

(IN LIQUIDATION.)

Ref. No. 53/4.

BELLARY.
23th January 1927.

The Hob'ble the Law Member,

Fort St. George, M a d r a

Sir,

Ref:- G.O. No.2046-W dated 23rd December 1926.

The license to carry on the business of supplying the energy expires on the 31st of this month. As I have not received --- further orders I take it that I have to continue the business pending orders. I pray that orders may be passed as to what I should do after the termination of license.

I shall carry on the business even after the 31st inst., in anticipation of sanction, in case I do not hear from you.

I beg to remain,

Sir,

Your most obedient servant,

Official Liquidator.

Copy forwarded to the
Secretary to Government,
P.W.D. Labour Department,
Madras.

Are orders etc now issued authorising the M.C. to take over the plant at once subject to payment of a fair price, as to which the Official Liquidator has already been instructed to get a valuation made. Meanwhile, the O.L. may be authorised to continue the management upto the 31st until he is handed over to the M.C. Sec.

Telephone No.

PLEASE QUOTE THIS OFFICE LETTER NO. IN ALL YOUR COMMUNICATIONS.

Telegrams. "BESCO"

The Bellary Electric Supply Co., Ltd.,

(IN LIQUIDATION.)

Ref. No. 53/4.

1649B

BELLARY.
28th January 1927.

The Hob'ble the Law Member,

Fort St. George, M a d r a s.

Sir,

Ref:- G.O. No.2046-W dated 23rd December 1926.

The license to carry on the business of supplying the energy expires on the 31st of this month. As I have not received --- further orders I take it that I have to continue the business pending orders. I pray that orders may be passed as to what I should do after the termination of license.

I shall carry on the business even after the 31st inst., in anticipation of sanction, in case I do not hear from you.

I beg to remain,

Sir,

Your most obedient servant,

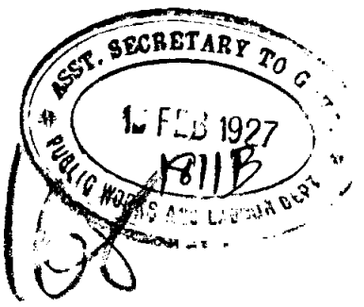
T. Raghavachari

Official Liquidator.

Copy forwarded to the
Secretary to Government,
P.W.& Labour Department,
Madras.

Forwarded to the P.W.D. Secretary for information. This is a matter in which the Chief Engineer will be consulted before the decision is arrived at. The petitioners may therefore be informed accordingly.

31-1-27



To

HIS EXCELLENCY

The GOVERNOR IN COUNCIL

FortSt George, M A D R A S.

Through

The Hon'ble Diwan C.P. Ramaswami Aiyar, Kt.
First Member of Council &
Member in charge of Electricity
Fort St George, Madras.

The Humble petition of the BELLARY ELECTRIC CORPORATION COMPANY1926, Limited, as representing the bulk of the shareholders of the BELLARY ELECTRIC SUPPLY COMPANY, Limited now in Liquidation, respectfully showeth:-

In continuation of the previous petitions in the matter the petitioners beg to bring the following to the notice of the Government, for consideration.

The petitioners have always been anxious to see that they are not made to lose in the bargain and with that object in view, even so early as June 1926, they presented a petition to the Municipal Council, requesting the Council, that they may waive their right of first option, in the interest of the shareholders, of whom about 20 % only are residents of Bellary But, somehow the Council was not pleased to consider the terms offered by the shareholders.

The petitioners have , a few days back, presented a petition to the Local Government, that they are prepared to pay off all the expenses to which the Municipal Council of Bellary has been put on account of the Local Government having allowed it to buy the Concern.

Subsequently the petitioners understand that the Local Government have been pleased to consider the claims of all the parties and have come to the conclusion that , if the Municipality pays to the shareholders, through the Liquidator, an amountof Rs. 1,62,000, instead of Rs. 1,32,000, (which the Council had alr offered) as a matter of compromise, ~~and as such~~ the order of revocation of License need not be altered.

While expressing ~~xxx~~ gratitude for the kind consideration sho by the Government to the poor shareholders, the shareholders, beg submit, that the following scheme of compromise, may be consider by the Local Government, as the petitioners feel that their inte and that ~~that~~ of the public will be better served, by ~~such a~~ the said compromise being accepted by the Government and also the Municip Council.

The petitioners pray that the Local Government be pleased to order

(1) that the Municipal Council is not allowed to purchase the concern at an enhanced valuation, but the Council may be granted a license for supplying energy to the whole Town, since License granted to the Company under Liquidation was only for a portion of the Town, and there is still a very large portion of the Town , uncovered by the old License.

(2) That the concern be sold to the Shareholders back, and thay be allowed to supply energy within the area already covered by them.

Under this scheme, the Municipal Council, will be able to erect and fit up an uptodate Plant, efficient enough to cope with all the demands, that may be put upon it by the Pumping works at Hagari, and the extensions to the different parts of the Town, which are also very paying parts of the Town. The petitioners may also be permitted to point out that the present plant being

a Direct Current system, It will not be possible to carry the current to long distances, and as such extensions will not at all be possible, and the Municipal Council will immediately have to alter its plant, and put up fresh Machinery

By this existing plant being allowed to remain with the share holders, the shareholders, will have the satisfaction of having their concern running, though it may not be able to pay avery decent dividend.

So far as the public are concerned they stand to get current immediately , to all parts of the town, and they are sure to get their current, since if the Company should at any subsequrnt time fail to work satisfactorily, the Council will be ready to give them current, even if nobody should come forward to buy the plant then, and the whole ~~thing~~ plant gets scrapped. Further, there will be no possibility or fear that the rate for the current will be raised by the Municipal Council, by their having to pay a larger sum now to the shareholders.

The shareholders beg to submit that, if the Government should have any doubts about the capacity of the New Company as representing the bulk of the shareholders, who are not anxious as much to get back a pro rata dividend, as to get the concern back to themselves ~~they submit that~~ they can be allowed to run the concern for some time under Sec 27 and 28 of the Electricity Act,or until the Liquidation proceedings are all completed; Even though the Court may sell the concern to them , and allow them to be put in possession still they need not be given a frsh license, but may be allowed to work the concern under Sec. 27 and 28 of the Indian Electricity Act.

The shareholders who are the petitioners herein pray that they look to the Local Government for sympathetic consideration of their

that the Local Government may be pleased to place their Scheme before the Electric Inspector to the Government of Madras, and take further action in the matter, on the report which he may have to give, relating to the merits and demirits of the two scemes of Compromise, as proposed by the Municipal Council and as prpposed by the shareholders of the Company in Liquidation, and the petitioners beg to submit that they are prepared to go by his decision, as he is the Highest authority in all Electrical Matters in the Presidency, and we pray that this prayer of ours be favourably considered before final orders are passed in the matter.

The petitioners beg to remain,

The shareholders of the Company

T R Venkatesa Aiyar.
Manager & Engineer 27.1.27.

15, Somboodoss street,
M A D R A S.

N. Chandrasekharan
Vakil for the petitioners.
31-1-27

To

H i s E x c e l l e n c y

The Governor - in - Council,

Fort St. George, Madras.

PETITION OF

the share-holders

of the

Bellary Electric Corporation Co.,
(1926), Ltd.,

To

HIS EXCELLENCY

The GOVERNOR IN COUNCIL

FortSt George, M A D R A S.

Through

The Chief Minister.

The Humble petition of the BELLARY ELECTRIC CORPORATION COMPANY1926, Limited, as representing the bulk of the shareholders of the BELLARY ELECTRIC SUPPLY COMPANY, Limited now in Liquidation, respectfully showeth:-

In continuation of the previous petitions in the matter the petiti oners beg to bring the following to the notice of the Government, for consideration.

The petitboners have always been anxious to see that they are not made to lose in the bargain and with that object in view, even so early as June 1926, they presented a petition to the Municipal Council, bequesting the Council, that they may waive their right of first option, in the interest of the shareholders, of whom about 20 % only are residents of Bellary But, somehow the Council was not pleased to consider the terms offered by the shareholders.

The petitioners have , a few days back, presented a petition to the Local Government, that they are prepared to pay off all the expenses to which the Municipal Council of Bellary has been put on account of the Local Government having allowed it to buy the Concern.

Subsequently the petitioners understand that the Local Government have been pleased to consider the claims of all the parties and have come to the conclusion that , if the Municipality pays to the shareholders, through the Liquidator, an amountof Rs. 1,82,000, instead of Rs. 1,32,000, which the Council had alrea offered, as a matter of compromise, and as such the order of revocation of License need not be altered.

While expressing ~~exr~~ gratitude for the kind consideration shown by the Government to the poor shareholders,the shareholders, beg t submit, that the following scheme of compromise, may be considered by the Local Government, as the petitioners feel that their intere and ~~that that~~ the interest of the public will be better served, by ~~such a~~ the said compromise being accepted by the Government and also the Municippl Council.

The petitioners pray that the Local Government be pleased to order

(1) that the Municipal Council is not allowed to purchase the concern at an enhanced valuation, but the Council may be granted a license for supplying energy to the whole Town, since th License granted to the Company under Liquidation was only for a portion of the Town, and there is still a very large portion of the Town , uncovered by the old License.

(2) That the concern be sold to the Shareholders back,and thay be allowed to supply energy within the area already covered by them.

Under this scheme, the Municippl Council, will be able to erect and fit up an uptodate Plant, efficient enough to cope with all the demands, that may be put upon it by the Pumping works at Hagari, and the extensions to the different parts of the Town, which are also very paying parts of the Town. The petitioners may also be permitted to point out that the present plant being

a Direct Current system, It will not be possible to carry the current to long distances, and as such extensions will not at all be possible, and the Municipal Council will immediately have to alter its plant, and put up fresh Machinery.

By this existing plant being allowed to remain with the share holders, the shareholders, will have the satisfaction of having their concern running, though it may not be able to pay avery decent dividend.

So far as the public are concerned they stand to get current immediately , to all parts of the town, and they are sure to ge their current, since if the Company should at any subsequrnt ti fail to work satisfactorily, the Council will be ready to give them current, even if nobody should come forward to buy the plant then, and the whole ~~thing~~ Plant gets scrapped. Further, there will be no possibility or fear that the rate for the current will be raised by the Municipal Council, by their having to pay a larger sum now to the shareholders.

The shareholders beg to submit that, if the Government should have any doubts about the capacity of the New Company as representin the bulk of the shareholders, who are not anxious as much to get back a pro rata dividend, as to get the concern back to themselves, ~~they submit~~ that they can be allowed to run the concern for some me under Sec 27 and 29 of the Electricity Act,or until the Liquidation proceedings are all completed; Even though the Court may sell the concern to them , and allow them to be put in possessio still they need not be given a fresh license, but may be allowed to work the concern under Sec. 27 and 28 of the Indian Electricity Act.

The shareholders who are the petitioners herein pray that they look to the Local Government for sympathetic consideration of their

that the Local Government may be pleased to place ~~our~~ Scheme before the Electric Inspector to the Government of Madras, ~~xxxx~~ and take further action in the matter, on the report which he may have to give, relating to the merits and demirits of the two scemes of Compromise, as proposed by the Municipal Council and as prpposed by the shareholders of the Company in Liquidation, and the petitioners beg to submit that they are prepared to go by his decision, as he is the Highest authority in all Electrical Matters in the Presidency, and we pray that this prayer of ours be favourably considered before final orders are passed in the matter

The petitioners beg to remain,

The shareholders of the Company

T.R.Venkatesa Aiyar.
27-12-27.
Manager & Engineer

15, Sembudoss St.
Madras.

Secl 12)68B/26-14

9.2.27

To

The Manager [illegible]

Bellary Electric

Corporation Company Ltd

15, Seaboe [illegible]

Shee,

Fort St George

Madras.

Sir,

Bellary Electric License,

Ref: 1521 - Your petition dt 31.1.1927 addressed to the Hon'ble the Law member.

I am directed to suggest that your company should confer with the Municipal Council, Bellary and arrive at a compromise.

I have etc

Dy Sec
3.2.27

Dy Sec
3/2/27

Sm

12)68B/26-15

9.2.27

A copy of the above letter is forwarded to

re Chairman, municipal
Council, Bellary. ~~for~~
~~information.~~

PM
3.2.27

Sry
4/2

20 10. [illegible] 662

The C.M.O.
Bellary

(Letter with copy of petition
and 49 — 57. CZ 1

No 13477B. Petition from the Bellary Municipal Council re Introduction of Elections

P. W. & Labour Depts
C.O. Law by 1-11-26

Mr Chandrasekhara Iyer brought this in person, and wishes to be allowed to argue the case before the Hon. There do not appear to be any new arguments in this petition. The file is, I think, now with the Hon. For orders as to hearing

Secy
1/11

Circulated 1/11/26.

Recd 1.11.26

I have disposed of the other petition. As this is a matter which may be said to involve the exercise of statutory powers by the Govt, I have no objection to hear Counsel, provided that the municipal Council dispose with this hearing & allowed to appear by their representative if they choose to do so. Any day during this week or the next will suit me & the Secy will kindly be present when the discussion takes place

A

C.S.R.
1-11-26

Draft to Mr C. Bellary asking him if he can be present on Monday 8th inst
And inform Mr Chandrasekhara Iyer

Secy
1/11

Secy

It is proposed to send a copy of the petition at Pp 1-7 Cf. to the municipal council.

A draft memo to the Chairman, Bellary & a draft letter to the Vakil for the petitioners are put up. As Monday the 8th is a holiday on account

re Selections, the date is now left blank

letter drafted. [Mr Parsons Financial commissioner, Railways is coming to Rhodes motor 10th & talks till the evening 13th.] Vide programme flagged TS

1/11/26 Probably 9th will be a suitable day.

Ellis
2.11.26

RF
2.11.26

8m
2/11

memo to the Chairman re C. Bellary

to the Taluk for the petitioners served on 3/11/26 } Pr 20, 21 Cf

---

Petition submitted by the Bellary Municipal Council Corporation Ltd. which is to be heard by HH C, on the 9th instant. Pr 1-7 Cf

Secy

The file is submitted. The matter is limited. no reply has yet been received from the M.C. Bellary, to the memo on p. 20 Cf

11/26 Ellis
6.11.26

RF
6.11.26

Letter from the Vakil for the petrs dy 6.11.26, requesting that the hearing be postponed to Saturday the 13th instant

---

Saturday noon. Send notice to I.C also

S-H-S
6.11.26.

1-S
Drafts submitted to HH

O.T to C.M.C Bellary No 1274813/26-S dy 6.11.26

p 24 Cf p 25 W

Vide A on p 1 Cf

CRO LB 760 B. From the Chairman of the Bellary Tr Bly mm dy 9.11.26

Forwarded to Secy, P.W.D. This request may be complied with

(Sd) C.P.R 9.11.26

Reply accordingly & inform the other Side

S.H-S
9.11.26.

Drafts submitted
9.11.26 9.11.26

'20th' is the penultimate Saturday of the month & is a holiday

9.11.26
Secy

We might make it 19th & 22nd in that case?

Secy
9/11

C.

The 22nd may be fixed

9-11-26

Letter received for the Chairman has been added from file at p-[illegible]

Circ 9.11.26
Recd 10.11.26

C-19
Circ 19.11
Recd.

Issued as altered

Secy

DB
10/11

Issued on 10.11.26. — Letters 10/11 ordered
for Secy [Bellary El Licence - Assignment. Hearing - 22nd inst.]

The files are Submitted. Attention is invited to remarks A in H.H C/s note at p 1 ante.

19.11.26 19.11.26

19.11.26

Secy
19/11

The effect of a winding-up order is that no action or proceeding can be commenced against the company or by it except by leave of the ~~Hindrance~~ Court and subject to such terms as the court may impose. Moreover, the winding-up order has the effect of discharging all the servants of the company and of dismissing its directors, the only remnant of the directors' power being that they can appeal in the name of the company from the winding-up order. On the other hand the winding-up order by itself does not dissolve the company as a corporation or even vest the company's property in the liquidator excepting where a winding up order is specifically made.

It is not correct to argue as it has been done in this case that winding-up should be treated as tantamount to insolvency in the case of private individuals. The doctrine is thus stated in the article on"companies" in Vol. 5 of the Halsbury's Laws of England, for which two most eminent lawyers have made themselves responsible--Mr. (now Lord) Justice Hamilton and Justice Swinfen Eady. The proposition is thus stated;"Winding up is not confined to cases where a company is insolvent , but may be adopted as a means of enabling the corporators or members to reincorporate with extended objects or further powers, or more efficient means of management." Thus therefore it is clear that winding up may be resorted to to get rid of an imperfect management and to start on a new and more useful career. Another aspect of the same proposition is presented in paragraph 804 at page 473 in Vol. 5 of the Halsbury's Laws of England:-""inding-up differs from bankruptcy in this respect, that in bankruptcy the whole estate, both legal and equitable, is taken out of the bankrupt and is vested in his

trustee; whereas on a winding up the estate, legal or equitable, then in the company still remains in it until its dissolution, unless disposed of in due course of winding up".

The argument of the learned Advocate-General which depended upon the assimilation of winding up to bankruptcy is therefore not wholly sound. There is this nevertheless to be said in favour of the position taken up in the counter petition on behalf of the Municipal Council and that the company is now represented by the official liquidator and that he must be referred to before any orders conferring or taking away any rights from the company.

It was argued by Mr. Krishnaswami Aiyar on behalf of the petitioner and was indeed conceded by the learned Advocate-General that action taken in pursuance of sections 4 and 5 of the Electricity Act are in the nature of judicial proceedings and for this reason I am of opinion that notice of these proceedings should go to the official liquidator who may be informed that objection has been taken to the proceedings under section 4 that no prior notice was given and that it is argued that the company ran to the advantage of everybody concerned run the concern and that the ~~fixed~~ price fixed namely Rs.1,32,000 is inadequate ~~when~~ there is further bid an offer for Rs.1,80,000. The official liquidator may also be informed that he is at liberty, if necessary after taking instructions from court, to place his contentions if any in this matter before us.

Final orders will be passed after his reply is received.

Department.

Routine notes [which are not to be (*a*) sent out of the office or (*b*) included in the originals or proceedings unless the notes are specially marked for retention or (*c*) printed].

Subject of file.

Ballarat Electric license - Revocation

With reference to the Hon'ble note of ~~the 25th~~ today in the Ballarat Electric licence case, I beg to submit the following considerations -

(1) The question of the validity of the action taken by the Local Govt under sec. 4 (i) (d) of the Act has already been considered, and the argument that the winding-up of the old company was not evidence of, or due to, its insolvency has already been considered. There is therefore no new ground upon which to reconsider the decision already arrived at.

As regards the ~~omission~~ failure to give notice of the intention to revoke the licence. It may be admitted that there was a defect, but the defect was cured by the subsequent consideration given by Govt to the licensees memorial against revocation. The decision [illegible] the order of revocat

Department.

Routine notes [which are not to be (*a*) sent out of the office or (*b*) included he originals or proceedings unless the notes are specially marked for retention *c*) printed].

Subject of file.

(2)

on thereon based on the full facts as presented by the aggrieved party, and I think the procedure properly attaching to judicial and quasi-judicial orders may then be said to have been substantially observed in this case.

1 As regards the valuation, we recently sent the E[illegible] to inspect again, and I understand that owing to the rapid deterioration of the plant, he now valued it at about a lakh.

2 With the approval, and indeed the encouragement of Govt., the M.C. has borrowed the required money and is paying interest on it. I am sure that L.S.G. would feel that they had incurred a responsibility towards the Council which they would wish to see discharged as early as possible.

(5) I respectfully think that the original decision should be adhered to, both on the ground of expediency, and on the general principle that change is justified only when new facts are evidenced.

I agree with a part of what the secy has suggested. The action suggested by me appears to be expeditious but [illegible]

Secy

A draft O.M to the Offical Liquidator is ~~not~~ submitted.

Form 1307 W 21-9-26. (B)

M.

2= The authorization # given to the Offical liquidator under section 28 of the Indian El. Electricity Act, to carry on the business of supplying electric energy expires by the end of this month. If the offical liquidator's reply to the reference ~~and proposal~~ to be now made is not received by the 20th inst, action will be taken to extend the period

3= The file may be sent to the L.S.G. dept for perusal after the draft O.M is issued. That dept has enquired in what stage the matter is — in the reference to the appointment of an Electrical Engineer for the Municipal Council -- vide Secretariat linked file.

36823

7.12.26 Allu

7.12-26

Rly 7.12.26

L.S.G. should see before issue

Secy 8/12

L.S.G.

L.S.

May be returned D.P.W. after perusal.

8/12

12-7-6-13/26-8

8-12-26

36823/VC Secy 9.12.26.

The license to the original Company, 'the Bellary Electric Supply Co.' was revoked by Government as from 21-7-1926 on the Co., being wound up by order of the High Court.

2. A body called the "Bellary Electric Corporation Company" has now petitioned that the revocation order was wrong because no notice was given to the Co.,- the Bellary Electric Supply Company. It is proposed therefore to inform the Official Liquidator that - objection has been taken to the revocation on the ground (1) that notice was not given to the Company, (2) that "the Company" (Corporation Company ?) can manage the concern to every body's advantage and (3) that they offer considerably more for it than the Municipal ~~ity~~ Council

3. It seems to me that (2) and (3) have nothing whatever to do with the legality of the revocation and should not be discussed in connection with it and that the question of legality itself is one to be raised by the old Company or the Liquidator and not by any third party; and moreover that the objections of the Company have already been considered when the revocation order was held in abeyance in G.O.845 W dated 20-7-1926 and in G.O.No.1056 W, dt. 18.8.26 and subsequently reaffirmed. (G.O. No.1307 W., dated 21-9-1926).

4. The Municipal Council has given the required notice to the Liquidator under Section 5(b) of the Indian Electricity Act 1910 and has the right to take over the concern. This has been recognized by the Govt. and the Municipality has been allowed to spend municipal funds in having the plant valued, and has also raised by debentures the amount necessary to buy it and to finance future Supply of Electricity.

5. If there is any question now of revoking the revocation order the Government will presumably have to refund to the ~~Corporation~~ Council the loss caused to it ~~them~~

by the expenses incurred and will have to undertake responsibility for the commitments into which ~~they have~~ it has entered. It seems to me that Finance should see the case.

6. The position of L.S.G. is briefly:—

(1) that the Bellary Electric Supply Company's license has been revoked and that the Government have been advised by the Advocate-General that the order of revocation was 'unassailable'

(2) that the Municipality has exercised its right of taking over the concern - with the approval of the Government,

(3) that any other offer, whether more advantageous to the Company or not, cannot be considered,

4) that the Government are responsible for the expenses and commitments of the Municipality Council in case it is not allowed to exercise its right,

(5) that no notice to the Liquidator is now necessary or advisable, and in any case that no reference should be made in it to the suggestion that another Company can satisfactorily work the supply, or to any offer by a 3rd party, as these things have nothing to do with the legality of the revocation.

Will P.W.D. please circulate to M-1?

CSE ... PWD

In seen

- nominated. Please see portions marked X & Y above. With reference to Y, the file may be circulated to M, through C. The draft order originally proposed be joined on the linked file dealing on the Concern & the Municipal Counci

ASST. SECRETARY TO G
15783B
16 DEC 1926
PUBLIC WORKS AND LEGISLATIVE

was also approved by H.E. This case may therefore, it seems, be also circulated to H.E. The sanction given to the liquidators to run the undertaking expires by the end of this month.

Stuff possibly just now, as H.E. is going away SWR 16/12

Alls
16.12.26

SWR
16/12

C,
W,

My note was signed on the 25th November and expressly reserved from doing more than setting right the legal position which was complicated by what I assume to be classed as an inadvertent action under S. 40 (1) (d). The delay in coming to the order has further complicated matters as the sanction given to the liquidators shortly expires.
I adhere to my previous conclusion that this matter will not go to a court. If it does, some feathers will fly.

CBB
16/12/26.

I quite see the legal points raised by my learned colleague, and it is quite an accepted maxim in law, but a winding up proceeding does not mean bankruptcy, and it might be done by merely reconstituting a company on a more stable basis. But I am only concerned with the Bellary Municipal Council and I feel an injustice has been done

the municipality, because they were
from the impression that the Govt would
grant a license & there was no reason to
doubt the Municipality of Bellary, and on this understanding
they have raised a large sum of money at 7%
and if this license is not granted, and
they are not allowed to purchase the
Work as was originally said they would
I am afraid the Govt have raised such
an expectation in them will have to go to their
rescue. I also hope like my Govt Colleague
C. that the matter will not go to Court
I think the Municipal Legislature may be
consulted on this point, but he would
do so as far as possible be persuaded to keep
this original contract with the Municipal
Council. In any case I hope no such license
will be granted in a hurry and I hope
the interest of the Govt which is after
all a large sum will be
safe guarded. Anyway we may count on
his Excellencies views which I hope will be
in favour of the Municipality.

D/11426

I am not aware why this file
has come to me. I have not
seen it before & the point
now in issue is apparently

a legal or of regularising some error or inadvertence in procedure. The Finance Dept. do not see how a Court could hold Govt. responsible for that error or inadvertence nor can its financial implications on Govt. be such as to call upon Govt. to express an opinion. In this view, affect the legal question as to what should be done now, a point on which my Hon'ble Colleague has already advised. If Govt. are to be subjected as a result of this error or inadvertence then of course the matter has to go before the P.C.

20/12/26

Yours draft ok.

sd/-

20/12

send as ord no 12748 B/26-9 L

for Secy

Please see the note at page 8 ante. The O.M. dated official Legn was issued only on 21.12.26.

have to carry on the undertaking
until a decision is come to as to
whom the Belfry El. Licence should
be assigned. The period upto which
the Official Liquidator was authorized
carry on the business may be extended,
say, upto 31st Jany 1927. Before the
first authorization was sanctioned the
Municipal Council Belfry was consulted.
Vide papers III & IV on f 1/g of no 1307W
of 21-9-26. Both as to extension of period as laid down in section 28 of the Act.
It seems unnecessary to consult the
Municipal Council again. A draft
order is submitted. After it is signed,
the file may be sent to the L.S.G. Dept
for perusal. That Dept may return
back the bottom file.

para 2 of
fo 1307W
21-9-26

(B)

in re: to the extension of period.

bottom
has been
back
W.

(The Official Liquidator will be reminded
on 15.1.27 if a reply to the reference
is not received by that date.)

Draft
24/12/26

Chh
22-12-26

PS
23.12.26

Issue
Sec
23/12

DC3

Issue to D.

Chh
24/12

go flag T.

The order has been issued. The order
file may be sent to the L.S.G. Dept with
reference to A above.

PW+A no 12748/26
-1

PS
3.1.27

142
4 JAN 10 7

3.1.27

Sec
3/1/27

Chh
3.1.27

LSG

15

C, L.S.G.

Please see the Secy's note on pp 9 & 10 ante. The notes on the subsequent pages may be perused and the file returned to P.W. & L Dept.

Ag
4/1 Cor 5

7888
5/1

Secy
P.W & L Dept

1/1 5/1 (209 B) From the Official Liquidator 8.1.27

The Official Liquidator has replied to the reference issued on 20.12.26 and the reply will be found on pp 38-39 ante. Submitted for orders.

C JAN 1927
248B

8/3
6.1.27

8/1
8.1.27

8.1.27

RLF
8.1.27

Secy
10/1

C1

M1

The Report of the official Liquidator is somewhat nebulous. While it is not possible or expedient to retrace the steps by which the Municipality was given the right to work the licence yet a fresh valuation should be made which would set right the matter of purchase by the Municipality (Vide § 3 of the Liquidator's letter) and would make it obligatory to

Received 10.1.27
Issued 12.1.27
Box No. C.19

The Official Liquidator evidently thinks that the new company has no means of, although he feels that their offer is more profitable. I agree that it is not expedient to retrace the steps by which the M/S/ was given the right to work the license. I have no objection to a fresh valuation being made as suggested by the Town Council, provided the municipality's right to work the license is not taken away which I see seems to be also the intention of the Council.

PJ
12.1.27

Draft accd

SM
15/1

PJ
17.1.27

Draft memo to the Official Liquidator is submitted.

The Electrical Inspector originally fixed the value of the electric plant at Rs 1,32,000. In Oct 1926 the municipal Council asked for a revaluation being made as in the meanwhile some of the materials had become damaged. The E.I. was accordingly directed to proceed to Bellary to revalue the plant but no report has yet been received from him. The municipal Council was informed at the same time that the T.A and other expenses connected

× Original Proceedings 587/25-27 dt 27.9.26 in limited file

H.79-25 of limited file

P96 ET in Liquidation file

with the E.D.C's visit should
by the municipal Council.

3. The authorisation give
the Official Liquidator under
of the Indian Electricity Ac
carry on the business of s
electric energy expires by the
of this month = vide G.O (Ca

17.1.87

17.1.87

17/1

[On to the Official Liquidator
No. 127/48B/86-11 Dt
From the Chairman, Municipa
Council, Bellary S.C. 71 d

Please see the chairman
letter on pp 41 & 42 C7. He state
if the municipal Council is pers
to work the electrical cable
after the sale is completed, it
be put to enormous loss as
already to pay interest on the
received as loan. Attention
invited in this connection to
portions marked (N), (M) + (Z) on pp
of the notes in the linked file
paragraph 2 of the draft orde

therein. There is no objection to permitting the municipal Council to work the undertaking pending the completion of the sale. A draft order to this effect has already been put up in the linked file (vide pg no. of in the linked file).

The municipal Council originally agreed to purchase the plant for Rs 1,32,000. They have however, subsequently asked for a revaluation being made as one of the materials had become damaged and they expect the valuation to be less than Rs 1,32,000. The New Company on the other hand are apparently willing to purchase the concern for Rs 1,80,000 and the Official Liquidator has stated that the offer of the New Company is more advantageous than that of the municipality. He has remarked that a fresh valuation would set right the matter of purchase by the municipality and the Official Liquidator has been asked to arrange for a fresh valuation to be made in order to avoid any cause

of complaint. His report is awaited
It has been decided that the
concern should be taken up by
the Municipal Council and it is not clear
if Dr.M's intention is to hold up
the issue of the draft in the
locked file till the valuation is
determined.

Attention is also invite
in this connection to P/31/47 from
which it will be seen that the
Official Liquidator has asked
the Dist Court permission to sell
the concern to the municipality for
the sum of Rs 1,32,000 and that
the Dr Judge has called for a
report from the Liquidator in con
-sultation with the Directors as
to the price of the concern. The
Court will not probably interfer
-ide orders on pp 85-86 C/7
in locked file. The Official
Liquidator having already applied
for permission to sell the concern
to the municipal Council for Rs 1,32,0
~~and~~ there is no likelihood of any
difference of opinion or dispute
between him and the Council in

re matter of the Valuation. But it is not known if the Directors of the old company can at this stage dispute the valuation ~~approved~~ agreed to between the municipal Council and the official liquidator either by himself or with the permission of the court and if it will come under the category of a dispute by the original licensees to be settled by arbitration as provided for in section 5(b) of the Act.

3. In the circumstances it is for consideration whether, before the price of the plant is settled and the sale is completed, the municipal council may be passed permission to work the concern in which case the draft order in the annexed file may issue suitably modified. If not, the question of extending the period for which the official liquidator is to work the concern has to be considered as the present sanction expires on 31-1-1957 and as it is not likely that the valuation etc will be settled by that date

by 31-1-57

The price is the only outstanding point of controversy. After the fresh valuation is made, Govt can insist on the fair price being paid by the M.C. With this reservation, therefore, I think the M.C. might now be permitted to take over & work the plant.

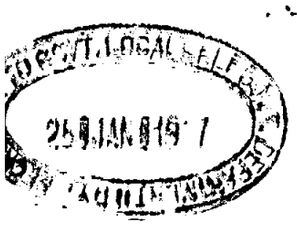
Seen
24/1

1207 B/ From the Bellary Electric Supply Corporation Ltd dt 21.1.27

Please see the communication since received from the Bellary Electric Supply Corporation Ltd at pp 45-46 C7. H.M. C1 has noted thereon as follows:-

"Forwarded to the Secretary, P.W.D. It may be sent on to L.S.G and the first minister".

3762



This file may therefore be first sent to L.S.G w.o. for remarks. On return it may be circulated to C1 and M1.

2683/26-12 25.1.27 — Ist 25.1.27 — MM 25.1.27

Seen
25/1

LSG wo

L.S.G

This dept may agree to the view taken by the P.W. & L depts. Seen

at the portion marked A in his note on p.l.l. p198 above

L.S.G. will agree to the M.C. being allowed to work the system at once subject to payment of a fair price as settled later.

P. W. & Co.

L.S.G. no 276 26.1.27

Circulated.

Please see my note & W.S.M.C

1479B

C. Provided that the Municipal Council can be bound legally to pay the fair value (on a revaluation) I have no objection to the proposed course

I think the M.C. will object to pay a fair price.

27.1.27

26.1.27

From the Liquidator, Bellary Electric Supply Co. Ltd

(Ref No. 53/C of 25.1.27

Secretary's remarks on the current

An order should now issue authorising the Municipal Council to take over the plant at once subject to payment

of a fair price to be settled subsequen
as to which the Official Uganda
has already been instructed
to get a valuation made. The mat
the D.C. may be authorised to
continue the management of
the 3/8ths until he has handed o
to the municipal council.

With reference to (A) above
a draft reply with telegram
is submitted.

2. With regard to the
first portion in the Secretary
Treasury's letter is submitted
separately ~~which is to be~~.

[illegible] 29.1.27

[illegible]
31.1.27

by
For approval of draft letter.
M
31.1.27

Sec's
31/1

(I presume the other draft will follow)

(811B) Petition from the Bellary Electric Corporation Company Ltd dy 81.1.27

C.I.'s remarks on the current

1.4.27 Forwarded to the PWD Secretary. This is a matter in which the Chief minister will have the decisive voice and the petition may therefore be sent to him for perusal and remarks.

CPR
81.1.27

Secretary's remarks thereon

Hold up the order drafted today until this has been examined.

J.H.S.
1.2.27

H.M.'s remarks on the petition

As I have said before my concern is to see that the Bellary Municipal Council is no loser in the transaction. If the Council agree to the proposal, I should have no objection.

P.S.
1.2.27

202 W

C's remarks thereon.

In this case my view is that we should ask the two Govts to confer together and arrive at a compromise

— P.R
1.2.27

P.W. Dept

The Bellary Electric Corporation Company Ltd as representing the bulk of the shareholders of the Bella Electric Supply Company Ltd now in liquidation, request that the following scheme of compromise with the municipal Council may be considered by the local Govt:— P 50 C 7

(1) The municipal Council may not be allowed to purchase the concern at an enhanced valuation, but the Council may be granted a license for supplying energy to the whole town, since the license granted to the Company under liquidation was only for

portion of the town and

(2) that the concern be sold to the shareholders back and they be allowed to supply energy within the area covered by them available

Request (1). The price at which the municipal council will buy the concern is not settled yet. The Official liquidator has been asked to revalue the plant (vide page 40 C 7) and his reply is awaited. The presumption of the petitioners at (A) on p 50 C 7 that the Municipal Council will purchase the plant for Rs 182,000 is not correct.

/ 50 C 7

Further the request of the petitioners amounts to the grant of a fresh license to the Bellary municipal Council for supplying energy to the whole town presumably excluding the ~~area~~ portion ~~covered by~~ of the area ~~existing~~ licensee. It is observed that the Municipal Council may have to enter a separate plant. The Council has made no ~~request~~ such proposal & the question does not seem to arise.

Request (2). The idea of selling

back the concern to the Shareholders of the company in liquidation seems out of the question at this stage, since it has been decided that the Bellary municipal council has the first option of purchasing the undertaking and it has taken action under sec 5(h) of the Electricity Act requiring the Official Liquidator to sell the undertaking to it. Both the municipality ~~may~~ waives its option of purchasing the undertaking, it appears that if it can be used to ~~exercise~~ the petitioners under ~~clause~~ section 5(c) of the Act. The matter is however, one to be settled between the municipality and the petitioners.

2. A draft memo to the Chairman, municipal Council, and a draft letter to the petitioners with reference to C.'S note on page 25 ante are submitted for approval. L.S.G. should see before issue.

~~Draft memo to the Chairman municipal Council and draft letter to the petitioners addressing the municipal Council~~

The Offl. Liquidators reply to the

memo on p.c.o.c. ~~is this case~~ awaited. ~~is desirable to wait for the decision of the House of Lords before issuing this Order~~.

2.2.27

3/2/27

~~[redacted]~~

Meanwhile, I think the draft order at L in the linked file, which was held back pending examination of this, may now issue. It will not prevent the suggested compromise being adopted, if the parties can come to an agreement and it is time that this matter was disposed of by Govt. who cannot wait for the parties to discuss this proposal

Secy
4/2

L.S.G

L S G

L.S.G

May be perused and the file returned to P.W & L.O. This Dept may agree with the opinion of the P.W & L Secy that the draft order at (L) in the linked file below may now issue

Yes. OSE

Secy/2

H.C.

Sec. Govt.

P.W & L.O.

& L.O. 127683/26-13

4.2.27

4251

H.C. 4251-1C

7.2.27

Secy

P.W & L.O

206

PW & L Deptt

For orders as to circulation/prior to issue of the draft at (L) in the linked file. I of the draft in this file.

9/2/27

The draft in the file may issue at once and it is hoped the may be circulated to the C, and M/f.

9.2.27

The two sets of drafts may now, I submit, issue. If the M.C. and the new Company can arrive at a suitable satisfactory compromise, well and good: But the suggested basis of compromise appears to me uneconomical and otherwise unsatisfactory, and I do not think it desirable to delay the transfer of the enterprise pending a decision which is likely to prove infructuous.

(1) below line G.O no 2 J

(2) [illegible] pp

Cir: 9/2

C. 25

RW: 9/2

9/2

C, I agree COBR 9/2/27

M/f draft PJ 9/2/27

Issue and let L&G see immediately

9/2 L.S.G

*Issued G.O no 2 C

Exhibition

9/2 L.S.G

May be perused & returned

P. W & L 12.2.27

12.2.27

9/2

Secretary SPO 10/2 Cir. No 4

10/2

DEPARTMENT.

Received ..... 192 . Registered 2898 B 17 FEB 1927 192

Subject.

Bellary Electric Concern - Order under section 5 clause (g) Electricity Act - Municipal Council authorised to take possession before sale - Possession taken by the Municipal Council.

PWD L Dept.
Lodged. (To be returned)
17.2.27 17/2/27 17.2.27

Enclosures.
No .....
.....
Spare copies .....

Qr No. 336/27

Station Bellary. Dated the 14th February 192

From (Name) M.R.Ry. N. Narayana Rao Garu, B.A., B.L.
(Designation) Chairman, Municipal Council.

To The Secretary to the Government of Madras,
Local Self Government - Department.
Madras.

Sir,

G.O. No. 207 -W Public Works and Labour dated 9-2-1927, authorising the Council to take possession of the Electrical plant from the Official Liquidator was received by me on the 11th instant and possession of the plant has been taken by me on the same evening.

G. Narayana Rao.
Chairman.

S.S.S. 14/2.

14/2

Copy to the Secretary, Public Works and Labour Department, Madras.